JAMES READ

BUILDING MATERIAL MERCHANT

By

JESSE RAINSFORD SPRAGUE

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FOREWORD

NO writer of our day has won for himself a more outstanding position as an authority on American business than Mr. Jesse Rainsford Sprague, whose stories, "An American Banker" and "The Middleman" —which appeared recently in The Saturday Evening Post—have received wide and favorable notice. The graphic and vivid pictures of the progress of business which Mr. Sprague's books present are based on a clear grasp of economics and a long career as a successful business man.

Mr. Sprague has just completed "James Read—Building Material Merchant," in which he has caught and expressed the spirit and philosophy of the building supply business in so admirable a way that we have secured the publication rights, hoping to give the book the widest possible distribution.

FOREWORD

James Read is typical of the building material merchant of today. His problems are those that every dealer will recognize from his own experience. Whether he is buying or selling, contending with management problems large or small, or struggling to overcome bad competition, he is always striving to build a business that will prove a constructive, worthwhile service.

To the thousands of building supply merchants in the United States who are daily striving to accomplish the same purpose, this book is dedicated in the hope that it will aid in getting a better public understanding of the very great value of the place that the building supply dealer fills.

LEHIGH PORTLAND CEMENT COMPANY

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JAMES READ
BUILDING MATERIAL MERCHANT

CHAPTER I

I REALIZE that my fellow building supply dealers will not be interested in me, James Read, personally. Whatever interest they may have in my story will be in James L. Read as president of the Contractors' Supply Company of Emporium. I have had a good many experiences common to all building supply dealers, and the telling of them may clear up some of the problems that beset all of us. Boy and man I have been in the building supply business for twenty-five years. I have had experience in a small town, first as clerk and then as owner. I have been a traveling man. Since 1921 I have run my own business in a city of a quarter of a million people. I might add

that I have managed to make a little money.

Probably I should not be bold enough to set my experiences down on paper except for a talk I had with a certain man a short time ago. I was on the train coming back to Emporium from Cleveland, where I had been attending some business, and in the smoking car encountered Harvey Nicholson, credit manager for the Western Reserve Roofing Corporation. I have known Harvey a long time. He has been passing on the credit of building supply dealers for upward of thirty years and has the reputation of being one of the shrewdest men in the business. In the course of our conversation he made a startling remark.

"Do you realize, Jim," he said, "that not many building supply dealers carry on successfully for more than about a dozen years? When a man has been in business that long I always check up on his credit. He is liable to begin slipping!"

Naturally this kind of talk didn't appeal to me, as a man who has been in the building supply business for a good deal longer than a dozen years and expects to stay in it for some time yet.

"Just how do you figure out," I challenged him, "that building supply dealers are different from any other kind of merchants? We are in the business of selling merchandise just the same as shoe dealers or clothing dealers or hardware dealers. Men in those lines don't peter out in a few years, so why should we?"

I guess I spoke with considerable heat, for Harvey laughed as he answered:

"My advice to you, Jim, would be to take a walk around town when you get home and study things a little to see if your building supply business is really the same kind of a proposition as a clothing or a hardware business. If you do that, I guess you'll find this: A clothing dealer or a hardware dealer depends a good deal on his location to sell his

goods for him. He fixes up an attractive store on Main Street, keeps his windows trimmed and hires clerks who have a following of customers. If he sells the right kind of merchandise he gets to the point where his business goes on almost automatically.

"Now compare this sort of a set-up with your own business. Your place of business is down by the railroad tracks; you don't have show windows on Main Street to attract customers. You are in a big city where most of your business comes from contractors, and you know as well as I do that practically every sale you make is a new deal and made on a competitive price basis."

Harvey was right enough in this last, I had to admit. And he might have gone further and said the building supply business is not only on a competitive price basis but that in every town I know of there are wild cat dealers who are so anxious for business that they make it hot for the men who are trying to get living profits. I asked him if

this cut-price competition was the reason for his gloomy remark about building supply dealers' credit going bad after a dozen years or so.

"No, I wouldn't say that," he answered. "Cut-price competition doesn't break many legitimate dealers, though some of them like to blame it on that. But here is the reason I say a dealer is liable to begin slipping after a certain time.

"Let's take your own case, Jim," he went on. "You've been in business in Emporium since 1921. I know you've done pretty well. But how have you done it? I've never been in your place, but I can guess. You're down at the office at six o'clock every morning. You've made friends with a lot of contractors who like to give you business if you're as cheap as your competitors. You're right on the job all the time to see that the contractors get what they want when they want it. You aren't too proud to drive a truck yourself occasionally in

case of a hurry-up job. It's a personal business that you've worked up."

It was pretty pleasant to hear myself complimented this way, and I started to thank him for his high opinion of me, when he held up his hand to show he was not yet through.

"Hold on a minute, Jim," he laughed. "I've only talked about the good side so far. As I say, you've made a little money. During the next few years you'll probably make more. But some day you'll begin to wonder why you should have to work so darn hard. You'll look around at your friends in other lines of business and see them getting down to work at nine o'clock and quitting at four, and sitting in fumed oak offices with a secretary to keep out bond salesmen and other nuisances, and all that. You'll look at your financial rating in Bradstreet's and see that you're worth just as much as these fellows are. Then the thought will come that you might as well take it a

little easier. You've got a couple of young fellows working for you who can handle the details of your business pretty well, and you figure you won't lose any business if you let the boys do the hard work instead of yourself."

The picture that Harvey was drawing hit me in a soft spot. I had already been thinking the things he described, and that was the reason probably that I shot at him:

"Well, why shouldn't I take things easy when I get on a comfortable basis? It's nobody's business except my own!"

Harvey grinned at me amiably.

"That isn't what we were talking about," he said. "You have a right to *give* your business away if you want to. I only said I'd check up on your credit when you've been in business in Emporium about a dozen years, and now I'll tell you why; you start to take things easy, figuring you've got a good established business. All right. But the minute you do that, some husky young

fellow who is just starting in will begin to grab some of your customers. He'll be the one who is down at six o'clock in the morning, and he'll be the one who jumps on a truck to run a load of cement out to some contractor who is yelling for service. You'll see your volume dropping back a little but you won't pay much attention to it. You'll tell yourself that there isn't quite so much building going on in Emporium as there used to be. But the first thing you know you won't be the leading building supply dealer in Emporium. You'll be about third, or maybe fourth. Then, in my office in Cleveland, I'll check up on your credit rating to make sure it's safe to keep on selling you!"

The train was pulling into the Union Station at Emporium and I got up to go. Nicholson laughed as we shook hands and said, in a half joking way:

"It's a man's game you're in, Jim. When you try to make it anything else it's time to get out!"

Well, I have thought a good deal about that conversation since then. I have tried to look at the building supply business through the eyes of an outsider.

Is it true that we building supply dealers have a harder proposition than other business men? A good many of those I talk to seem to think so. They complain about the long hours and the cut-throat competition. Some grumble over the fact that their financing problem is harder than that of other business men because the stuff they handle runs into big money and it takes a larger volume for a smaller net profit.

I guess it is human nature to think the business you are in has more than its share of troubles. I suppose the reason is, that you know all the snags in your own business and you don't know the snags in the other fellow's business. Since my talk with Harvey Nicholson I have made it a point to have some heart-to-heart confabs with men in other lines, and the result is that I am

better satisfied with my lot as a building supply dealer.

To begin with, it is a man's game, as Harvey Nicholson said. And it's about the only business I know of that hasn't changed in that regard. Take for example the retail hardware business. Twenty-five years ago, when I first started working, the typical hardware store had a line of base burner stoves down the center aisle, horse collars and buggy whips hanging from the ceiling, and carpenters' tools and cutlery in the front showcases. Now, in almost every hardware store you have to go past a lot of house furnishings and fancy goods before you get to the hardware stock. There are tables in the center aisle covered with five and ten cent articles, and possibly two or three girl clerks to wait on the lady customers.

Not that I'm against the ladies. As a married man who believes his wife the finest and smartest person in the world I couldn't

be accused of that. Only, everything considered, it's less trouble to do business with men customers than women. They don't have to be catered to quite so much. When I was learning the building supply business under old Charles H. Puffer in the Village of Union we handled a line of paints; and about every second year Mr. Puffer would get in a temper and threaten to throw the paint stock out into the street when some society matron bought a twenty-five cent can and then brought it back for exchange after she had opened it and found it wasn't just the color she thought it was.

The drug business is another line that isn't what it used to be. Formerly a man who ran a drug store was a druggist. To get business he advertised his skill as a compounder of medicine. The triple decked red, blue and green bottles in his show windows were his trade mark. Nowadays the prescription counter, that used to be the biggest feature of the store, is stuck in a back corner

and you can hardly see it on account of the chairs and tables that fill the center aisle for the accommodation of ice cream soda and Coca Cola customers. In a good many establishments you have to take a second look to see whether you are going into a drug store or a quick lunch counter. I have an idea that in time the pharmaceutical colleges will be obliged to give instruction in sandwich and pie making alongwith their pharmacy courses!

I could mention plenty of other lines where the changes have been as radical. I'm not disparaging these things. They are a part of what we call progress. The hardware man, the druggist and all the others are merely adapting themselves to the times. Their altered stores represent the efforts they are making, by creative selling, to hold their own under changing conditions that we building supply merchants are facing too.

A show always looks better from the front

than from behind the scenes. Two or three years ago during the slack winter season my wife and I took a trip to California and the agent here in Emporium routed us on a line where we had to change cars at a town in Idaho and take a branch road to get the fast train to San Francisco. When we got to this town we found the branch line only ran a train every other day, so we had to stay over thirty-six hours. Whenever I have time on my hands I always like to get around among the business men, and so after settling Mrs. Read in the hotel I went out to see what I could see. The town had about nine thousand people, with a pretty good-looking business district, and one of the merchants I got acquainted with was the local automobile dealer who had a brick building just off the main street.

We got quite confidential and he told me of some of the things he had to contend against. It seems the automobile manufacturer set him a "quota," based on the

population of the town. He had to take forty small cars every month, and fifteen tractors a year. In addition he had to take two of the high-priced models a year. Then, as if that wasn't enough, the Company made him handle a line of farm machinery in order to stimulate the sale of tractors.

The dealer was pretty well discouraged. He said it was a poor man's town and not easy to sell his quota. He said, for example, there was no one in the community rich enough to buy one of the high-priced models. The only way he could dispose of them was to make deals by which he would allow an extravagant price for someone's old car and pocket the loss himself. Beside all this, the Company sent inspectors at frequent intervals to see that he kept his show windows clean and his cars displayed just so, and his office records kept according to rules laid down.

I asked him why he stood it.

"Because I have to," he answered. "They'd

take away the agency if I didn't sell my full quota or if I didn't follow the rules."

Maybe it wasn't good manners on my part but I asked whose money it was invested in the business, his or the manufacturer's.

He said it was his money, of course. Why did I ask?

"I'm only curious to know," I answered, "whether you are a merchant or a hired man!"

He laughed sort of sheepishly and said he had often asked himself the same question. But he added he guessed he'd have to put up with it if he stayed in business because all other agents for this same company were in the same boat, and beside a good many other big concerns were adopting similar methods in their relations with retail dealers.

I wonder if there is any building supply dealer who would like to be in a business where he furnishes the capital, but someone else tells him what he has to buy!

Thank heaven, the "quota" system hasn't

got into our business, and the chances are it never will. Certainly it will not if the individual dealers do a good selling job. Just the same, that sort of high pressure selling is a menace to every independent business man in the country, building supply dealers not excepted. It makes the struggle for the consumer's dollar too terribly keen. The industry that tries to do business in a dignified, self-respecting way is unfairly handicapped.

Personally, I would rather be in the building supply business than any other I know of. Yet Harvey Nicholson hit the nail on the head when he said it is a *selling* business, not a *storekeeping* business. That is a good thing for every building supply dealer to remember. None of us can afford to sit back and wait for trade to come to us. So far as I am concerned, if I ever get to the point where I believe my business will go on of its own accord, I will know it is time for me to quit. But the way I feel now that time is still a good way off!

CHAPTER II

WHEN I decided to tell my experiences I went to see Bruce Nevins, editor of the Daily Tribune here in Emporium, to get some pointers on the art of writing. Bruce is a man who took hold of the Tribune ten years ago when it was losing twenty thousand dollars a year and has built it up into one of the best paying properties in the city. I thought he would lay down some technical rules to follow in my writing job, but instead he launched into a discussion of salesmanship.

"Think of the different manufacturers' salesmen who come around to see you," he said, "and tell me which ones you like to buy from. Is it the glib talker, or is it the plain commonsense fellow who can't talk so well who knows his product from the ground up?"

I said I liked to buy from the latter kind of salesman, of course.

"Well, it's the same thing with writing," Bruce remarked. "It doesn't matter much whether or not you are clever at stringing words together. You say you are going to write about the building supply business. The main thing is to prove that you know what you are writing about. If you can do that, people will read it."

The only way I know of proving that I know something about the building supply business is to explain who I am and to tell some of my own experiences in the line during the past twenty-odd years.

The Read family came to what was then called the Western Reserve from Connecticut just after the War of 1812. My grandfather, Asa Read, learned the millwright trade and helped to build a number of grist mills on a stream called Monadnok Creek. When he got ready to marry and settle down he bought one of these mills located at Remburg, a little settlement two miles from the town of Union. This mill, with about

thirty acres of land, was inherited by my father, who carried on the business. I was born there in 1885.

I can remember when the mill was still a going concern, though even then it was being hard hit by the big flouring establishments in the West. Our mill was a three story affair, painted red; the dam was part stone and part timber. Our house was on a little rise of ground just above the mill. There were perhaps a dozen other dwellings in the settlement, as well as a cooper shop, a blacksmith shop and a store. This last was vacant about half the time, as no one could make a store pay so near to the competition of the merchants in Union.

I was an only child. Father was a man nearing fifty when I was born and my mother died when I was an infant. Father's sister, a spinster, kept house for us and brought me up. Aunt Eunice was a tall, thin woman, very religious, and my principal recollection of her is the fact that she

was always getting me into the sitting room and talking to me about the state of my soul and the dangers of eternal perdition. These talks always scared me so much that I kept out of her way as much as possible.

One March day when I was about seven years old the dam went out under the pressure of high water and the breaking up of the ice in the pond. Father had been expecting it since the day before and we were up at daybreak. Some big logs had floated down stream and these were piled together at about the middle portion of the dam along with chunks of rotten ice. All of a sudden the dam gave way, a narrow space that grew wider from one moment to another as the water from the pond rushed through. Great rocks from the dam's foundation were carried in some cases an eighth of a mile down stream. To me it was only a fine show, something like going to a circus; but for father, I know now, it was a real tragedy. He was a tall, spare man with a

gray beard. When the break occurred and the water and ice began to widen the gap he watched it for a few moments, nervously pulling at his whiskers. I heard him say, "I guess it's all over now," after which he turned his back and went to the house.

It was really all over so far as running a flour and grist mill at Remburg was concerned. For several years it had paid less than a living profit, and there was no use to rebuild the dam even if father could have financed it. From that time on it was a case of trying to make a living out of the thirty acres of land that was a part of the mill property and this was no easy job with wheat selling at around sixty cents a bushel and other farm products equally low.

I went to the district school until I was thirteen, after which I had three years at the Union Academy in town. The tuition at the Academy was twenty-five dollars a year. I earned this mainly by working for neighboring farmers during haying and

harvesting when father could spare me. My first commercial experience came when I was about fifteen. A man named Ezra K. Higgins had a jewelry and stationery store in town and one day about the first of December he spoke to me as I was going past and asked me if I didn't want to work for him during the holidays. I told him I did, and quit school three weeks before Christmas to take the job. During that time I walked in from home every morning to be at work at eight o'clock, and the store kept open until ten in the evening. I don't suppose I was a world beater as a salesman, but I know I did a pretty good job cleaning the windows, filling the kerosene lamps and mopping the floor. I was too bashful to ask Mr. Higgins what he was going to pay me, and when Christmas came I quit without anything being said about it. Along about February I mustered up courage to go in and speak to him about it. He was sitting at his work bench repairing a watch. He

looked at me through the little black magnifying glass stuck in his eye and burst into a loud laugh.

"What do you think you was worth, Jim," he chortled; "about ten dollars a week?"

I took this to be a joke, for he immediately turned back to his watch repairing. I went out without saying anything more. I made one or two more visits without any more success. The following September I asked father to see if he could collect and the matter was finally settled by payment of a five-dollar bill. It had cost me about a dollar a week for lunches during the time I worked in the store, so my net gain for the three weeks' work was two dollars.

Occasionally someone asks me how I happened to get into the building supply business, and I always answer that I was kicked into it.

It happens this was literally true. The Summer of my sixteenth year I quit school

window glass, and whenever Elmer had to get the glass cutter to cut a piece for some customer he always grumbled that such work ought not to be expected of a pharmacy graduate.

It was Elmer who kicked me into the building supply business. He opened the store at seven o'clock in the morning and it was my duty to be there at that hour to sweep out and clean up generally. One morning when I had been working a couple of weeks I started to walk to town as usual and just as I got to the outskirts a man passed me driving a two-horse lumber wagon. The wagon box was empty and the backboard down, and I jumped on behind where I sat for the rest of the way with my legs dangling. We came to the railroad tracks at the side of which was the establishment of Charles H. Puffer, dealer in coal, lumber and hardware. Just as we approached this place a boy named Mike Boyle came running after the wagon. His

father was a day laborer who had formerly lived near us at Remburg and young Mike and I had averaged at least two fights a week during our childhood. But the family had moved to town several years before so I was under the impression that Mike and I could be friends. I thought he wanted to catch a ride, and moved over to make room for him. Instead of jumping up beside me as I expected he drew back his fist and hit me a hefty blow on the side of the head, after which he dodged off into Charles H. Puffer's lumber yard, yelling insults at me as he ran.

I jumped off my perch and took after him but he had disappeared. I hung about the neighborhood a while hoping to find him and finally walked on to Main Street. When I got to Medical Hall it was considerably past seven o'clock and Elmer Peck was highly indignant. He had started to sweep out in my place. We used wet sawdust to keep down the dust and he had got about half way down the center aisle, sweeping the

sawdust ahead of him, where it laid in a damp mess. The moment I got inside the doorway he threw the broom on the floor and began to scold me for my tardiness. I tried to explain but he wouldn't listen. He pointed to the broom and told me to get to work.

It was then that I made my mistake. He invariably made me call him "Mr. Peck"; but behind his back I always alluded to him as "Elmer," and in my confusion I forgot my manners. I leaned over to pick up the broom and as I did so I remarked defensively,

"I couldn't help being late, Elmer—"

At this he started to kick me. Bent over as I was, I saw the kick coming and instinctively threw my hand back to protect the exposed part of my anatomy. At that time all young men of fashion wore high-heeled shoes; and somehow his heel got into the palm of my hand, so as I straightened up I pulled his foot with me and he went

over flat on his back into the pile of wet sawdust.

I think he must have been stunned for a moment because his head struck the floor pretty heavily, and I had a chance to see what I had done. His clothes were a sight and his beard, in which he took so much pride, was wet and covered with dirty sawdust. He opened his eyes in a blinking sort of way and I knew from the expression on his face that it was time for me to go away from there. I grabbed up my hat and hurried out of Medical Hall, abandoning for all time my career as a druggist.

I went back up Main Street hardly knowing what to do. When I came to Erie Street, that led across the railroad tracks and out toward home, I instinctively turned that way and directly found myself at the entrance of Charles H. Puffer's coal and lumber yard. It occurred to me then that I might find Mike Boyle, the author of my troubles, and have it out with him. I

turned into the wagon entrance and searched around the piles of lumber for a while but failed to find my quarry. I was going out again when Mr. Puffer himself suddenly appeared in the roadway and asked what I was doing. Not caring to go into details I said the first thing that came into my mind.

"I thought you might need some extra help, Mr. Puffer. I came in to see."

Mr. Puffer was a large man with a heavy brown beard, shaven upper lip and completely bald. He had just come out of his office, without a hat; and I can still remember how the morning sun sparkled on his shiny scalp as he stood considering my application for work.

"You're Myron Read's boy, aren't you?" he said finally.

I said I was. He polished the top of his head with his hand, a habit he had when thinking, and looked me over carefully.

"Well, your father is a pretty good man,"

he remarked at last. "You look a little like him. I guess maybe I can use you. What wages do you calculate you ought to have?"

Thinking I would put the price a little high, so as to come down if necessary, I said I would like three-fifty a week. To my surprise he seemed to consider this a reasonable wage, and asked me when I wanted to start. I answered that I was ready at that moment.

"All right," he said, "come on into the office and I'll show you what to do."

That was the beginning of my career in the building supply business, a line that I have followed ever since with the exception of one short interval.

CHAPTER III

THE business of Charles H. Puffer was the typical small town affair of twenty-five years ago. At that time the town of Union had about three thousand people, and there were probably as many more on the farms round about. The trade territory did not extend more than five miles in any direction because of the competition of other towns, and because five miles to town and back was about as much as a farmer could negotiate easily in those horse and wagon days.

Mr. Puffer's office was a long frame building running parallel to the railroad, with a front door and two show windows on the street end and a rear door that opened into the coal and lumber yard. There was just room between the side of the building and the railway siding for a wagon entrance. Along with his other lines Mr. Puffer carried a fairly complete line of hardware, and the

interior of the building was fitted up as a regular store, with wall shelving and show-cases to display the hardware stock. This hardware stock was a constant source of friction between Mr. Puffer and a man named Eben Gillett, who had an exclusive hardware store on Main Street. Mr. Gillett claimed that Mr. Puffer had no business to handle hardware, and Mr. Puffer averred that it was a free country and he had a right to sell what he pleased. There was a continual price war going on between the two. Our hardware items were marked only with the cost figures; and Mr. Puffer's first instructions to me were that whenever a farmer came in I should try to learn if he had been trading at Gillett's, and if such was the case to quote prices about ten per cent above wholesale cost. Our secret cipher was easy to learn: E-L-G-I-N-W-A-T-C-H. Occasionally a customer would figure out the cipher for himself and then we had trouble to get any profit at all.

There was a railed-off space at the back of the store that went by the name of office, but it was used very little except as a place to throw things in that were in the way otherwise. The flat-topped desk had a small bare space where Mr. Puffer wrote an occasional letter, but otherwise it was piled two feet high with old catalogs, dusty letters from manufacturers and last year's calendars. Mr. Puffer kept no business records with the exception of a day book, in which he set down charge sales. On a shelf back of one of the counters stood a file with an iron base and a sharp upright spike, and on this were stuck invoices and statements from different manufacturers. Usually he waited until the salesmen came around to settle his bills. If a salesman hinted that his house would like some money, Mr. Puffer would hand him this file and let him hunt for the invoice. If it was a small amount, Mr. Puffer paid in cash; for the larger ones he gave checks on the National Bank of Union.

I know these things sound ridiculous in the light of present-day methods; but the proof of the pudding is in the eating, and, strange as it may seem, Charles H. Puffer was a highly successful business man. He had been in business about ten years when I went to work for him, having been a farmer near Union until he was past forty years of age. He had the most remarkable memory of any person I have ever known, so his failure to keep books was not the handicap it might have been. If a farmer came in for a barrel of cement or a load of sand, Mr. Puffer could remember all about it a year afterward, naming the date, the exact amount purchased and the price paid. In ordering shelf hardware he seldom looked at the salesman's catalog, but would walk along the wall shelving and call out, "Send me a dozen pairs K442 Butts, three and a half by three and a half," or, "Two dozen Number 505 rim door locks, porcelain knobs!"

Mr. Puffer had remarkable judgment in the matter of market conditions and was not afraid to back his opinions with cash. He told me once that the most successful deal he ever made was during the disastrous panic of 1893 and 1894. At that time hemlock lumber for roof boards and rough siding was selling at eight dollars, and he could get it delivered at his station for a dollar and a half more. He bought all he could finance —using all his ready cash and borrowing up to the limit at the National Bank of Union— enough for two or three years' stock. He had all his premises covered with it. As the panic eased off the value of his hemlock lumber went up, and on most of it he made a clear 100 per cent profit.

On one occasion, a year or so before I went to work for him, he went into the ice business, building a pond and an ice house at a cost of about $800. The following year, however, one of his competitors, an Irishman named Pat Clifford, went him one

better and built a larger pond and a finer ice house. Ice was something of a luxury in those days, and as there was not enough business in town for two dealers, Mr. Puffer knew he would have to give up the line sooner or later. But he went right ahead as though nothing had happened and the next summer let it be known around town that he would deliver ice to all householders on open account, while Pat Clifford insisted that they buy ticket books in advance.

I really owed my job to this enterprise, for my work during this first summer was to go around and try to collect. Naturally a good many of the bills were uncollectable, but Mr. Puffer never seemed to worry, merely telling me to do the best I could. He had me make a list of all the families I called on and divide them into three classes —those who paid the first time I called, those who had to be dunned several times and those who did not pay at all. That fall he sold his pond and ice house to Pat Clifford

and announced that he was through with the ice business. Shortly afterward he confided to me the reason for his strange policy.

"I knew Pat was going to run me out of the ice business sooner or later because he had a better plant," he remarked, "so I thought I'd use it to get a line on people's credit. From now on I'm going to push the coal business harder. I'll take this list of ice customers you made and offer liberal credit on coal to all the good payers. We'll do a whopping coal business this winter!"

CHAPTER IV

I WORKED for Mr. Puffer until his death, which occurred in July, 1910, when I was twenty-five years of age. By that time my salary had been raised to $75 a month and I had managed to save a few hundred dollars, beside helping father out a little as he had a hard time to make ends meet on his thirty-acre place. Mr. Puffer had no children and it was arranged that I should continue to run the business for his widow until such time as it could be sold. But running the business proved a harder job than I anticipated. Though I was a grown man with nine years' business experience, most people still thought of me as a boy. Frank Ellison, president of the National Bank, was Mrs. Puffer's financial adviser and according to his instructions I had to get her O. K. on every bill of merchandise that I bought and I had also to get

her to sign all checks. She lived on West Main Street, half a mile from the office, and a good part of my time was taken up running back and forth.

There seemed no immediate prospect of selling the business. Two or three people considered it, but on account of Mr. Puffer's laxness in keeping records there was no means of learning what the business had been doing, so these possible trades fell through. One evening about nine o'clock I was going from the office to my boarding house and as I passed the Presbyterian church at the corner of Main and Lake Streets prayer meeting was just letting out and I saw Mrs. Puffer come down the steps and start toward her home. I joined her, and upon reaching her door she asked me politely if I would come in. As I went in the front hall I suddenly decided to ask her if she would sell me the business. I had thought of it before but never had the courage to speak out.

Mrs. Puffer was a tall, nervous woman, who had never been obliged to shoulder responsibilities, and like a good many people of that sort the idea of any change always was upsetting. When I mentioned what was on my mind she looked helplessly around for several minutes as though she was about to call for assistance. At last she managed to find her voice.

"Why, I'd never thought of selling the business to you, Jim," she fluttered. "I didn't know you had any money. I'll have to think it over. Maybe I'll speak to Mr. Ellison about it at the Bank!"

Directly I went away, having little idea the interview would amount to anything, especially as she had mentioned my lack of capital. Most people who have never had business experience think of a business deal in terms of cash down; and in my case this was manifestly impossible. I was considerably surprised, therefore, when a couple of days later Mr. Frank Ellison walked into

the office, saying he wanted to talk with me of the matter I had mentioned to Mrs. Puffer.

I had always stood in considerable awe of the president of the National Bank of Union. He was a stout, florid man of fifty-odd who always wore a Prince Albert coat and a white vest and whose great house on West Street was the showplace of the town. His family had owned the leading bank in Union for three generations. Though I had been going to the Bank for years on business for Mr. Puffer, I suppose I had never spoken with Mr. Ellison a dozen times.

Naturally I was a bit flustered at the big man's visit. When I took charge of the business for Mrs. Puffer I had opened a simple set of books and cleared the office of its litter of old catalogs and dusty calendars, and I was at work at the desk when Mr. Ellison arrived. He had only just spoken to me when a farmer came in the front door for some trifling hardware purchase and I

was glad of the excuse to wait on him and give myself time to think what I should say to the banker. When I went back to the office again Mr. Ellison had taken a chair and was looking around the place in an appraising fashion.

"So you want to buy this business, do you?" he remarked lightly; "how much cash have you got?"

I told him about six hundred dollars. He laughed at this and then asked how much of a volume the business had done the past year. I answered that there was no way of knowing because Mr. Puffer had never any records, but I was trying to keep things in understandable shape. Mr. Ellison thumbed over the books that were lying on the desk and I was afraid he would get a bad impression of my ability, for I never had taken a lesson in bookkeeping and these were of the simplest sort. In one book I had a list of the various manufacturers we bought from, and the amount owing to each. In

the other book was a list of people who owed us. In the back of each book I had set down the totals, as of the first of the preceding month.

"That's not so bad for a starter," Mr. Ellison remarked finally. "Anyhow, you know how much the business owes, and how much people owe the business."

I said apologetically that I was afraid my bookkeeping must look pretty crude to a banker. His next remark surprised me.

"There's a lot of hocus pocus in most of these so-called expert financial statements," he laughed. "All you need now is to invoice your stock of merchandise on hand and you'll have a good enough statement for anyone. No banker who knows his business goes much on the dollars and cents a business is worth. It's the man behind the business that counts. He's the real asset. If he's a business getter, his credit is all right, no matter how much or how little capital he's got!"

Just then the telephone rang and I answered it. A local contractor named Ike Slater was on the other end. Ike was doing a porch job for a family on Lake Street a couple of blocks down from our office and he said he wanted a couple of bags of cement right away. He was a regular customer of Pat Clifford and I knew he had bought the materials for his present job there. I had a pretty good idea of what had happened. It was the noon hour and there was no one at Clifford's to send with the hurry-up order, so he called me up on a chance. I looked out the back window and saw one of our teams standing in the yard.

"All right, Ike," I said, "you'll have the stuff in ten minutes."

I excused myself from Mr. Ellison and went out to give Bill Shirley, the driver, instructions for delivering the order, but Bill was nowhere to be seen, and I remembered then that he had gone on an errand to the planing mill across the railroad

trestle. For a moment I was stumped. The word "Service" had not come to be so popular in those days, but Mr. Puffer had always insisted on living up to any promise he made, and he drilled this into me from the time I began to work for him. The only thing in my mind at the moment was the fact that I had promised two bags of cement to Ike Slater within ten minutes. Never stopping to realize the importance of the gentleman in the office, I stuck my head in the back door and called out:

"I'll be back in a few minutes, Mr. Ellison. If any customers come in while I'm gone please ask them to wait!"

Then I loaded the bags into the wagon and drove off down Lake Street. It was not until I had delivered my merchandise that I thought how unceremoniously I had treated Union's leading citizen; I believe I broke the speed record for two-horse work teams on my way back to the office. Mr. Ellison was sitting where I had left

him. I started to apologize, but he only laughed.

"I didn't mind playing office boy," he said. "You made your sale and that's the main thing."

He talked about the business a little longer and then went away, leaving me up in the air so far as my ambitions were concerned.

"It's my duty as Mrs. Puffer's banker," he said at parting, "to find her a cash customer for her business if possible. If I can't do that, I'll consider giving you a chance."

It was a month later that he sent for me and outlined the terms on which I might acquire the business and which I accepted. Mrs. Puffer retained the land and equipment, for which I was to pay rent of $75 a month. The stock and good will were valued at $12,000, and this I was to pay off at the rate of one thousand dollars a year, or more if possible, with interest at six percent.

I bought the two teams and delivery wagons for cash, using my $600 capital for this purpose.

Not until several years later did Mr. Ellison explain why he advised Mrs. Puffer to make these unusual terms.

"You've got Ike Slater to thank for your being in business," he said. "When you drove off down Lake Street with his two bags of cement, leaving me to act as office boy, I made up my mind that you'd do!"

CHAPTER V

A LOT of talk goes on nowadays about the old times in business as compared with the new. Nearly everyone agrees that competition is fiercer than it used to be, and that a man has to sell harder to get along. This isn't confined to the retail building supply trade by any means. Big manufacturers in all lines drive after business in a way that was never thought of twenty-five years ago. They put pressure on their salesmen and on the retailers. Some of them go so far as to sell the retailer with one hand and sell the consumer with the other hand. However, that is such a sore subject that I won't enlarge on it here. I will only say that so far as I am concerned I am congenitally opposed to doing business with any manufacturers who want to sell me, but when I don't buy from them will go out and sell my customer at the same price they sell me.

I always believed the year 1907 marked the dividing line between the old and the new in American business. What we call "high pressure" salesmanship came into vogue about that time, and the reason is this: For a good many years previous to 1907 mass production was gradually being developed by invention of automatic machinery, but it was not until then that the manufacturing plants of the country definitely began to turn out merchandise faster than the existing agencies could sell it. The panic of 1907 was simply a necessary pause to give the country a chance to consume the merchandise piled up in the warehouses of jobbers and in the stores of retailers. After that it was necessary to put greater pressure on selling, to create new uses for merchandise, in order to prevent other panics. Since 1907 business has been a selling problem rather than a manufacturing problem.

When I got into business for myself, in the fall of 1910, the necessity for more

vigorous selling was already apparent. I knew I could never make a success if I ran my show in the same easy-going way that Mr. Puffer had done. To begin with, Mr. Puffer was a well-to-do man with outside investments that brought him in an income outside of his business, while I had to sink or swim on what I made from day to day. Beside this, I had to pull enough cash out of my business to make my payments to Mrs. Puffer. My rent, interest and payment on the principal amounted to more than two hundred dollars a month. If I had been older, I guess I would never have tackled so arduous a job!

As it was, I probably would not have been able to pull through the first two or three years except for the helpful advice of Mr. Frank Ellison. Like most country bankers he had a keen understanding of business, and in spite of his rather pompous appearance and his big mansion on West Main Street, he was never above discussing the

most homely details. I have always remembered the remarks he made just after I had signed the documents that transferred the business from Mrs. Puffer's ownership to me.

"You're a business man now, Jim," he said, "and you'll need a little banking accommodation occasionally. If I see you're running your show all right, I guess I can fix you up for reasonable amounts. But don't get the idea you can come in here and merely say you want to borrow a thousand dollars, or whatever the amount may be. You'll have to tell me exactly what you want the money for; if it's to finance a couple of cars of coal, or a few thousand feet of lumber, say so. A banker has a right to know what his money is going to be used for. The trouble with a lot of business men is that they think it's beneath their dignity to go into such details. They are the fellows who are always saying the bankers in their town are nothing but pawnbrokers.

Remember this: A banker *wants* to loan money. That's the way he makes his living. There isn't any banker who is worth his salt but who will meet you half way if you can show him you've got a sound, legitimate reason for borrowing."

I have always been grateful to Frank Ellison that he gave me this little lecture on banking right at the beginning of my career. I have always followed his advice. At the present time I have pretty good credit with at least three banks in the city of Emporium. Both Dun and Bradstreet have me in their rating books as being good for all requirements. But to this day I never go into a bank and ask for money on my general credit standing. No matter how small the amount I always carry with me a written statement that tells precisely what I am going to do with the money I want to borrow. And I may add that I have never yet been turned down!

When I took over the Charles H. Puffer

business I had two strong competitors: Pat Clifford, whom I mentioned before, and the Luther Dunklee Company. But both of these competitors were in other lines beside the coal and building supply business. Pat Clifford was a good-natured fellow, a wonderful mixer, whose father had been a day laborer. Pat himself had no education, but owing to his geniality he had a lot of friends. His side line was apple buying, which eventually grew to such proportions that he came to be known as the "Apple King," and at one time operated all over the State as well as Western New York and Pennsylvania. He came to grief in 1914 through overextension. Evidently some of the bankers who financed him weren't as careful as Frank Ellison, for when the crash came he was owing the Citizens Bank of Union and other banks elsewhere a total of nearly a quarter of a million dollars. At the time of Pat's failure Mr. Ellison made a remark to me that described the condition

of a lot of spectacular successes I have known.

"With all the big showing Pat Clifford made," Mr. Ellison said, "I don't believe he was ever actually worth more than the money he borrowed from the banks!"

Luther Dunklee, my other local competitor, was an entirely different type. In 1910 he was a man of sixty, tall and thin, with a severe, clean-shaven face. He had quite a reputation for piety and sobriety, but his office was across the street from mine and I often used to see him slip out of his back door and into the bar of the Railroad Hotel. He was worth considerable money, made largely out of the nursery business, which was his principal line.

But Mr. Dunklee rarely overlooked anything where there was an honest penny to be made; and one day shortly after I got into business he phoned me to say that he had been thinking we three local dealers ought to get together and thresh out a lot of mat-

ters to our mutual advantage. He had already called up Pat Clifford, who had agreed to come to his office that evening, and he wanted me to be present also.

We met at the appointed time and after some preliminary talk Mr. Dunklee spoke what was on his mind.

"Now we three men have got the coal and building supply business in our own hands," he began, "and the thing to do is to *co-operate*. There's no use of our trying to cut each other's throats. We've all got our regular customers; and I propose that each of us agree not to solicit business from anyone who is a customer of either of the others."

He turned first to Pat Clifford for approval of his plan. Pat was tipped back in a chair against the wall, smoking a big cigar, and I imagine he had only half heard Mr. Dunklee's proposal, for at that period he was devoting nine-tenths of his time and attention to his apple-buying business. Pat

screwed his cigar around in one corner of his mouth and answered readily enough:

"Oh, sure, Mr. Dunklee. Anything you say is O. K. with me!"

Mr. Dunklee then asked me if I would also agree to his proposal. I was uncertain what to say. On the surface it seemed a good thing. Mr. Dunklee was financially able to buy me out a dozen times, and I knew it was better to have the friendship of a competitor than his enmity. But I remembered it was reported around town that Mr. Dunklee had the first dollar he ever made framed and hanging on the wall of his home; and it occurred to me that a man who liked money as well as he was said to do was probably thinking of Number One before anything else. I finally answered that I would like to think it over, and would give him my answer the next day. He tightened his lips as though this answer was not to his liking; but only said if I was wise I would see the wisdom of co-operating with

him and Mr. Clifford, and after a little while the conference came to a close.

I turned the proposition over in my mind during the most of that night, and the more I thought of it the less desirable it seemed. My only chance of paying off my debt to Mrs. Puffer was to increase my volume of sales over that done during Mr. Puffer's ownership. As I have said, no one knew just how much business Mr. Puffer had done; when I was thinking of buying the business I went to our station agent, John Evans, and got him to look up his records and see how many cars of coal, lumber, and so forth had been received by Mr. Puffer during the previous twelve months, and from this data I estimated that his annual sales had been about $50,000. But I knew I had to do more than $50,000 if I was going to make any headway and work out of debt. And if I agreed to Mr. Dunklee's proposition and solicited no new business, how was I going to increase my volume?

The following day I called on Mr. Dunklee and told him I wouldn't enter the agreement he had suggested. He became very indignant, informing me that I was a fool if I thought I could compete against him, and predicting my early failure as a business man. These things wouldn't have been so bad; but when I heard a few days later that in conversation with several men in one of the drug stores Mr. Dunklee loudly mentioned me as a "young whippersnapper," I made up my mind to get even.

Perhaps I ought not to have done exactly what I did, but the opportunity seemed too good to miss. The leading men's social club in town was a volunteer fire organization, the Liberty Hook and Ladder Company. They had club-rooms upstairs in the Cheney Block on Main Street, where they held two or three big dances every winter, and other entertainments. They leased the entire building, subletting the ground floor for store purposes; and as both floors were

heated from one big furnace, their coal bill was a sizable item. For a number of years the Hook and Ladder Company had bought their coal from Luther Dunklee. Through a story that came to me from my driver, Bill Shirley, I surmised that Mr. Dunklee had the Hook and Ladder Company in mind when he proposed to Pat Clifford and me that we should not solicit each other's customers.

Bill got the story from one of Mr. Dunklee's drivers; and the point of it was that in the case of customers like the Hook and Ladder Company and other organizations that bought considerable quantities of coal at a time, Mr. Dunklee was sometimes a bit careless as to his weights. Anyhow, I decided I would try to get the Hook and Ladder coal order that year, and luck favored me to the extent that Doctor Parker, owner of Medical Hall, was president of the organization at the time. After I went to work for Mr. Puffer I explained to the Doctor how I

came to quit his employ so suddenly on the occasion of my set-to with his former prescription clerk. He was a man who loved his joke and nearly always when he met me he made some quip about my being kicked out of the drug business. We were good friends, and when I told him I wanted a chance to figure on the Hook and Ladder coal supply he said he would use his influence with the committee.

The upshot was that I got the order at the same price per ton that they had paid the previous year. There was no amount specified. I was to fill the big coal-bin in the basement of the building and send my bill to the house committee. When the committee-men gave me the order I asked them to have the caretaker of the club-rooms check up on my deliveries, and they agreed to this.

I put both my wagons to work on the job one Monday morning, and a couple of days later the coal-bin, a big wooden affair built

of two-inch planks, was completely filled. Not another hundred pounds could possibly be put in. I mailed my bill to the chairman of the house committee, Leonard Mills; a day or so later he came to my office and asked if I had not made a mistake. I said I thought not, and I inquired why he asked.

"Because your bill here is for only fifty-three tons," he answered. "We've always bought more than that before."

I told him I had personally attended the weighing of every load that went out from my place, and the caretaker of the club-house had checked it as it was put into the cellar, so I couldn't see where there could be a mistake.

Leonard laughed good naturedly and pulled a paper out of his pocket that he showed me. It was a bill rendered the previous year by the Luther Dunklee Company for coal delivered into the Hook and Ladder's coal-bin. The total was fifty-nine tons!

"I can't help what you've paid for before,"

I said. "I take it your coal-bin hasn't shrunk any during the past year. It holds only fifty-three tons now, and that's the amount I delivered."

Leonard handed me a check to cover my bill and the incident ended there. I was careful not to say anything about it; but the story spread about town without any help from me and there was a lot of fun at the expense of Mr. Dunklee, comparing his well-known reputation for piety with his carelessness in the matter of weighing coal. Mr. Dunklee cut my acquaintance entirely after that. Whenever I happened to meet him on the street he was always looking the other way.

Like every other man who goes into business on limited capital one of my principal problems during the first two or three years was the matter of handling my charge accounts. I couldn't afford to have much money on my books, because even at the best I had to scramble considerably to keep

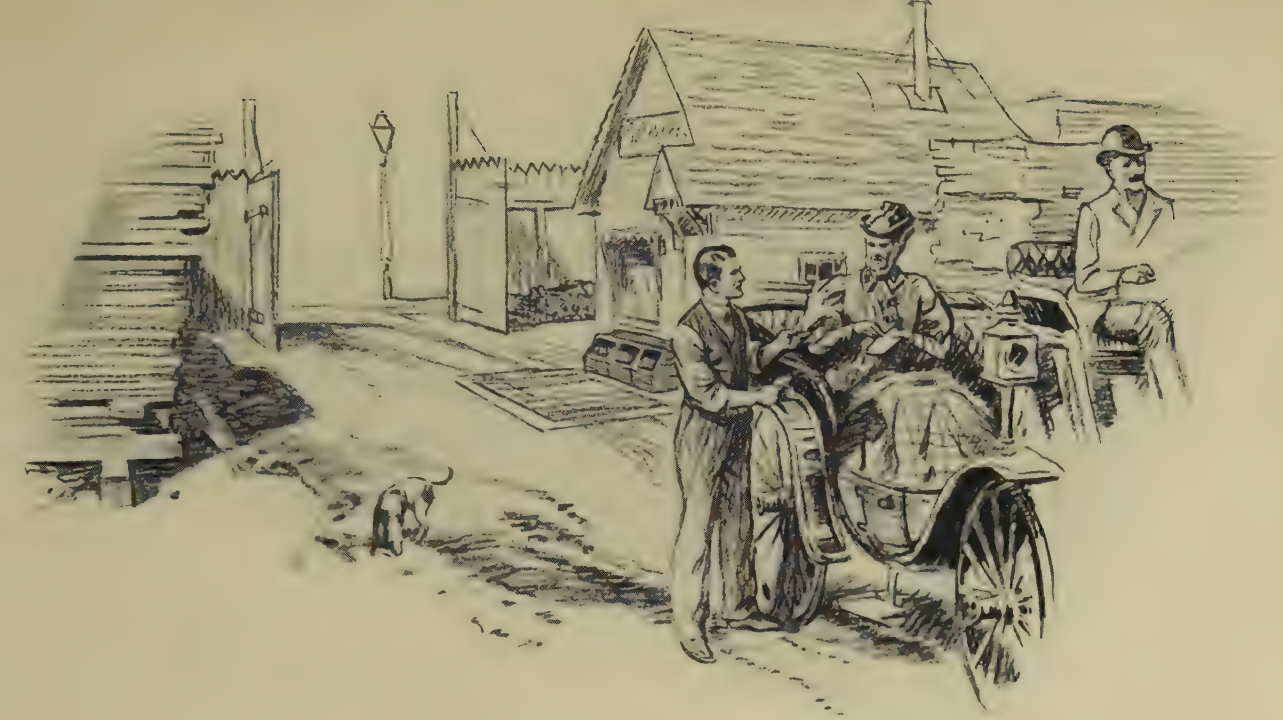
my merchandise creditors satisfied. At that time coal was sold on a thirty-day basis, mainly through brokers; and if it was impossible to settle at the end of thirty days, most brokers would accept a short note. Other merchandise I handled was sold approximately on the same terms. At the suggestion of Frank Ellison I wrote all the supply houses, when I first took over the Puffer business, explaining my financial situation; and practically all of them wrote back that they would extend me a reasonable amount of credit. But when everyone knows a man is short on capital he has to be extra careful not to let many of his bills run past due.

Union had always been a long-credit town. A good many merchants sent bills to their customers only twice a year, January and July. Some farmers thought they were doing the merchants full justice when they straightened out their accounts once a year, and plenty of town people who could easily

have afforded to pay cash let their bills run an unreasonably long time simply because it was the fashion.

It was out of the question for me to put out my merchandise on such easy-going terms. At first I tried the scheme of allowing two percent discount on all bills that were paid within ten days of delivery of the merchandise, but this didn't meet with any great success. This was a long time ago and things have changed a lot. People didn't know much about business. I think most of my customers didn't know what a discount meant. Anyhow, I averaged to get my money no sooner than before, and the occasional person who took off the two percent was as likely as not to take it off after his bill had run three months or more.

Finally I decided I would quit offering a discount and instead made an effort to do business on a strict thirty-day basis. No one in two seemed to think it was possible;



"I understand you've bought Mr. Puffey's business, so I suppose you're the one who sent me this bill"

even Frank Ellison, to whom I confided my plans, said people were used to doing business in the old way and I would probably make enemies if I tried to make them do otherwise. Nevertheless I had a rubber stamp made that I used on all sales slips, announcing that on account of the low price at which the merchandise was sold I should expect payment within thirty days. On the first of every month I sent out statements and if an invoice was more than thirty days old requested prompt settlement.

One of the first persons I tried my new plan on was Mrs. Hannah Lampson, a very well-to-do woman who had a fine place just at the edge of town on West Main Street. About the first of May she started a remodeling job on her house and sent the mechanics to me for her materials. She had always done business with Mr. Puffer and I suppose gave me the business from force of habit. During the month her purchases amounted

to nearly five hundred dollars, and on the first of June I sent her a statement.

About nine o'clock next morning while I was in the yard Mrs. Lampson appeared in her two horse carriage with the driver on a high seat in front. She was a stout, peppery old lady with a puffy red face that at the moment seemed redder than usual as she motioned me to come out to her carriage. Her greeting was a bit abrupt.

"I understand you've bought Mr. Puffer's business," she said, pulling a paper out of her purse, "so I suppose you're the one who sent me this bill."

I admitted the act.

"I want you to know," she went on, "that I've never been insulted this way before. Mr. Puffer never in his life sent me a bill until I asked for it. I'm not sure, but I believe I could have the law on you!"

If it had not been such a serious matter for me I should have been obliged to laugh, for she puffed out her cheeks until it seemed

they must burst and glared at me as though I was the most hardened criminal in the world.

"But if you were to put me in jail, Mrs. Lampson," I said as pleasantly as possible, "I couldn't sell you any more building material!"

"No matter where you are," she snapped back, "you'll never sell me anything again!"

She made a motion as though she was going to order her coachman to drive away. If she left then I knew I would not only lose her for a customer, but would probably have to wait indefinitely for the payment of my bill.

"Just a moment, please, Mrs. Lampson," I said earnestly. "I want to explain that I sent you the statement for your own good."

"I'll listen to what you have to say," she responded, grudgingly, "but I must say it was a strange proceeding!"

"I know Mr. Puffer never sent you bills," I said. "Sometimes your account would

run a year or more. But can't you see how impossible it would be to check up on any mistakes when an account ran as long as that?"

A little mollified, she admitted such would be the case.

"But in this bill I've sent you," I went on, "all the items have been charged so recently that any possible errors can be rectified at once, while the mechanics are still working on the job. That's why I said it was for your own good. I don't want you to pay me one cent more than I'm entitled to!"

She considered deeply for a few moments as though this was a side of the question that had never occurred to her before. Then she remarked in the most agreeable manner that I was entirely right and if I would accompany her to the Citizens Bank my bill would be settled at once. I may add that Mrs. Lampson remained a customer of mine as long as I was in business in Union and settled her bills regularly every thirty days.

CHAPTER VI

ALONG about 1912 or 1913 there was a new development that added a lot to the problems of most small town dealers. This development was the increased use of automobile trucks, and its immediate result was that trade territories were expanded and dealers in different towns were brought into direct competition with each other. Union's trade territory in the old horse-and-wagon days was limited, as I have said, to a radius of about five miles; beyond that the trade went to other towns. We delivered only to people living within the corporate limits. Farmers came after their purchases with their own teams.

But after trucks came into general use the dealers in Overton, ten miles to the west of us, and those in Sackett's, about the same distance south, were almost as strong competitors as though they were on our own

Main Street. Of course, this problem solved itself to a certain extent by the fact that we could go into their communities just as easily as they came into ours. A more serious situation cropped up from the fact that people generally began to get the idea that it cost nothing to deliver merchandise. Farmers who formerly came after their purchases expected dealers to deliver without any extra charge.

This gave rise to cut-throat competition of a most aggravating sort. A man needed only a cheap truck to get into business, and every once in a while some retired farmer or mechanic would conceive the idea he could make a soft profit by taking on some line of merchandise to sell to his friends around the country. At that time our farmers were beginning to go rather strongly into dairying. Patent cattle feeds and cement for stables were in considerable demand, and one or the other of these two items were usually chosen by the amateur dealers.

I recall one man named George Bissell who went into the feed business. He was about forty-five years old at the time and had made enough money as a farmer in the Remburg neighborhood to be able to rent out his farm on shares and move in to Union to live. He was a tall, cadaverous looking fellow, slightly wall eyed, and a great talker. When he got ready to go into business he came to see me one day to brag about it. It seemed he had got the agency for a patent feed that was made in Toledo and was pretty well pleased over his prospects. He said it would cost him about $30 a ton, delivered in Union, and he figured to sell it at $32.50. I asked him if he believed he could make any money on that margin.

"Why sure I can," he answered confidently. "It won't cost me hardly anything to do business. I'm not like you fellows who have a regular office and a bookkeeper and all that."

"But you've got to pay for your truck,

George," I said, "and buy a little gas and oil now and then."

"Oh, I've figured all that out," he responded confidently. "My expense will be about fifty cents a ton. All the rest will be clear profit!"

I didn't want to throw cold water on such optimistic conclusions, but ventured to ask him what he was going to do in case some of the dairy farmers wanted their feed on credit.

"That won't bother me any," he said. "Farmers are honest people, and if a man wants a little time I'm going to give it to him. That's the trouble with you town fellows. You're always afraid some one is going to stick you!"

He went away and I saw nothing more of him for several months, though I knew he was doing some business because my own sales on feed fell off considerably during the season. But the following January I encountered him one day in the National

Bank of Union. He had been struggling with Frank Ellison over the renewal of a note, and he told me he was quitting the feed business. I asked him if he had not made any money.

"Yes, I've made money all right," he answered disgruntedly, "but I haven't got it exactly. It's on my book. I borrowed some money from Frank Ellison so as to carry my customers along, and now he says I've got to settle up. I've had enough!"

I learned afterward that he was holding the bag for nearly eight thousand dollars. It was a year before some of the accounts were paid. A few were never paid at all, and these more than wiped out his profits.

What is a legitimate dealer to do in the face of such wild cat competition? Frankly, I don't know. Everywhere I have traveled throughout the country I have heard similar stories. The chances are that such things will happen so long as ignorant men are led to believe that it costs nothing to do busi-

ness, and that the difference between the wholesale price and the retail price is all clear profit.

Personally, I always have gone on the plan of ignoring such competition. When a customer challenges my price I talk quality. I use the legitimate argument that manufacturers of first-class merchandise don't have to pick up retired farmers and other inexperienced men to act as their agents. Regular established dealers get the pick of all lines because they stay in business and furnish the manufacturer a steady outlet year after year.

By the year 1915 I felt I had got on a sound basis. That summer I paid off the last of the notes I had given Mrs. Puffer and was free of debt outside of what I owed my merchandise creditors. My stock of merchandise inventoried about $11,000, and I had good accounts on my books amounting to over $5,000. Against this I owed for merchandise nearly $4,000. I was

worth in the clear a little more than $12,000. Certainly it was not a sensational showing for five years of the hardest kind of work, but I had started with nothing; and I had, beside, learned a lot about business during those years.

That same summer I took on an additional obligation by marrying a young lady whom I had known from childhood, Miss Margaret Shepard, whose family were neighbors of ours in the Remburg settlement. Our courtship dated from the time I was thirteen and Margaret eleven. At the district school that year we had as teacher Miss Lucy Sparkes, a spinster of violent temper. One day Miss Sparkes took occasion to whip a youth named Perly Butterfield. Perly had a sense of humor and between blows he made a lot of funny grimaces that set the rest of the scholars laughing. At this Miss Sparkes flew into a rage and came down from the platform, ruler in hand. Margaret Shepard happened to sit on one

of the front benches and though she had done nothing at all Miss Sparkes told her to stand up and be punished. I was old enough to know an injustice was being done and on the spur of the moment I jumped to my feet and smashed my slate on the corner of my desk to attract attention. Miss Sparkes left her intended victim and came toward me. I was a big strapping boy for my age, used to rough and tumble fighting; I snatched the ruler out of her hand and then grabbing her by the shoulders I turned her around and pushed her out of the door into the school yard. For thus ejecting the teacher I was properly expelled. But from that time on it was understood that I was Margaret Shepard's official protector, and the marriage ceremony more than fifteen years later made that position permanent. I may add that we are both more than satisfied with the arrangement.

A few months after my marriage I bought from Mrs. Puffer the property on which my

business was located, having paid her $75 a month rent up to that time. The consideration was $9,000, of which I paid a thousand in cash.

There was an incident connected with this transaction that has always stood in my mind as warning against the habit so many small business men have of trusting to luck in their important undertakings. My negotiations for Mrs. Puffer's property were carried on through Frank Ellison; and one day after the deal had been practically arranged I happened to be in Medical Hall and told Doctor Parker what I was going to do. He asked me if I had engaged a lawyer to represent me in the transaction. I told him I didn't need any lawyer; that both Mr. Ellison and Mrs. Puffer were good friends of mine, and I could trust them not to take advantage of me.

"I'd get a lawyer just the same, Jim," the Doctor remarked. "It's better to be safe than sorry, you know."

"Yes, I know all that," I answered, "and if I had a lot of money I'd probably get a lawyer to represent me. But I suppose he'd charge me a good stiff fee, and the way things are I need all my ready cash to make my first payment."

"That's just the reason you ought to have legal advice," he persisted. "If you were rich maybe you could afford to take a chance."

I thought the Doctor was overly cautious, but he was a shrewd business man who had made considerable of a fortune out of his drug business, and thinking it over that night I decided I had better take his advice. Next day I went to a lawyer friend, Scott Lamberton, and asked him to represent me in the deal.

Scott asked me first if there were any liens of any sort against the property. I told him I believed not; that Mr. Puffer owned the property for years before his death and I was sure it was altogether clear.

He said the matter was worth looking into, and that he would go to Overton, our county seat, the following day to investigate.

When he got back from his trip he came to my office with the information that the property was not quite so clear as I imagined. It seems that a number of years previously Mr. Puffer had borrowed five thousand dollars to go into some project and had given a note for that amount, secured by a mortgage on his business property. He had paid the note in due time, but the mortgage recorded on the court-house books had never been crossed off. I asked Scott what might happen in such a case.

"Perhaps nothing," he answered, "but then, on the other hand, something might happen that would be pretty uncomfortable for you. Mrs. Puffer is an old lady; one of these days she is going to pass away and her estate will be handed on to relatives. Some time one of the legatees might learn of this uncancelled item on the court-house

records and then you'd be in for a lawsuit. Even if you didn't have to pay the amount it would cost you considerable in lawyers' fees to defend the case, beside the time and worry."

Scott charged me $50 for straightening out the matter, which I have always considered the best money I ever spent. It was a lesson I have never forgotten. Several years later, when it was my fate to be connected with a great New York corporation, I was amazed to see how carefully its management proceeded and how it investigated every angle of a new proposition before investing its money. Often a small business man will take chances that big business would never think of taking. Which is probably one of the reasons why the small man is constantly being crowded out by big business.

For several years before the War there had been a good deal of activity in farmers' co-operative societies in our section. Up to

1916 the nearest "co-op" was at Sackett's, nine miles from Union, but that winter the farmers of our township had a meeting with object of starting a local organization.

The meeting was held one Saturday night at Maloney's Hall, and as there was nothing secret about it I joined the crowd. There were nearly fifty farmers present, a good many of them regular customers of mine. At that time I had gone into cattle feed and fertilizer along with my other lines. A professional organizer named Wagner was the leading spirit; he made the usual spread eagle talk about farmers being the backbone of the country, and he laid it on pretty thick about the big profits the merchants made at the expense of agriculture. I don't know whether or not Wagner expected to fix himself up with a good job, but anyhow when he got through he had the folks pretty well convinced that we local dealers were an economic evil. I sat beside Ray Covill, an old friend of mine from the

Remburg settlement, and he kept nudging me jocosely and whispering that I had better get ready to move out to the poorhouse.

While Wagner was making his speech I did some mental figuring and at the finish asked if I might say a few words. Wagner demanded to know if I was a farmer and when I said I was not, he said it was a farmers' meeting and no outsiders were wanted. I countered by asking him if he was a farmer. This raised a laugh, and Ray Covill jumped to his feet with a motion that I should be heard, which motion was passed.

I had never made a speech in my life, and I don't suppose my talk was a very polished one, but this is about what I said:

"You folks have met here to figure out some way to buy your supplies cheaper, particularly your feed and fertilizer, and I don't suppose you care how you do it, just so your end is attained. Now you know it's going to cost you some money to effect your

organization, and beside that you've got to employ a man to run it for you." I paused here and addressed a question to Wagner. "Perhaps you can tell me," I said, "what salary you figure the manager ought to have?"

Wagner was in such a temper that he wouldn't answer me; but Mr. Olmstead, one of the most important farmers present, said the general belief was that a competent man could be had for about seventy-five dollars a month.

"I'm afraid you couldn't get a high grade executive at that price," I remarked. "But that's neither here nor there. What's the matter with your using my office for your co-operative headquarters and letting me do the work? I guess you all know my place down by the tracks. I've got a back room that I'll fix up with a table and some chairs for your board meetings. I won't charge you a cent for rent, and I'll act as your manager without any salary. All I

ask is this: When you get ready to place your order for your season's feed or fertilizer, you find out what the co-op at Sackett's is charging its members. Then, if I agree to supply the same stuff at the same prices, you place the order through me."

At this Wagner jumped up, waving his arms like a windmill. "Don't pay any attention to what that man says," he yelled. "Take my word for it there's a catch somewhere. How do you know he will carry out any agreement he makes?"

It was here that the recent purchase of my business property came in handy. The local paper had carried the news of my deal with Mrs. Puffer, which gave me a little more standing in the community than I had before. I said:

"There isn't any catch in my proposition. As you all know, I am a property holder and you can hold me to any agreement I make. If you want further verification of my re-

sponsibility you can send a committee to the National Bank of Union!"

The upshot was that they decided to give me a chance, and I worked out with their committee a plan by which I became unofficial secretary of the farmers' co-operative society and sold them their stuff at the prices quoted by the co-op at Sackett's. I made a fair profit on these sales, as I knew I could before I made them the proposition. It didn't increase my overhead any because I wrote the letters and did the other work connected with it at night after business hours, while the co-op manager at Sackett's drew a salary of $1800 a year. In addition it brought me considerable farmer trade for my other lines.

There was a little trouble at first because some of the farmers thought they could do business along old style lines—come after their stuff when it suited their convenience, or tell me to charge it. But when they did that I showed them the rules that were in

force at the Sackett's co-op, which clearly stated that every member must call for his purchase within three days after the arrival of the car and lay down the cash the moment it was loaded on his wagon. After the thing got going I made some rules to fit these cases. If a farmer was short of cash when his stuff arrived, I let him owe me for it, charging him five per cent extra for the accommodation and bank interest if the account ran over thirty days. But these cases were rare. Practically all was cash business. Best of all, it had a tendency to teach the local agriculturalists that there was no hidden miracle in mass buying, and that merchants were not the human parasites some people claimed them to be.

CHAPTER VII

I COME now to a part of my story that deals considerably with my private feelings. From the time, in April, 1917, when the United States got into the War, I began to be uneasy in my mind. War talk was everywhere and it was hard for me to concentrate on my business, as I had done before. I suppose I was carried away with the general excitement; but beyond that I had the feeling that the U. S. A. had been good to me and I ought to do something to pay the debt. I was in my thirty-second year, six feet tall, and strong as an ox from the active life I had led.

In spite of these things I suppose I would have stuck to my job except for an unexpected happening that took place that summer.

Mr. Henry Olmstead, the prominent farmer I mentioned in connection with the co-operative meeting, came to my house on

the morning of the Fourth of July and asked me if I would consider selling my business. Of his three farms, he had sold one and figured on renting the others and moving to town to live. I had got pretty well acquainted with him in connection with my work for the co-operative committee, of which he acted as chairman. He said he believed he knew enough of my line of business to make a success of it, and if I cared to sell out at a fair price he had $10,000 in cash to lay down as initial payment.

I hardly knew what to say to this offer, which came out of a clear sky. If I had followed my inclinations of the moment I would have taken him up then and there, for I wanted to get into the war in some capacity. But against this was the fact that I was a married man, with obligations to my wife. I stood Mr. Olmstead off with the statement that I wanted to take time to think it over.

At lunch time I told Margaret of Mr.

Olmstead's proposal. I always made it a point to talk over my business problems with her, and on this question of selling out she merely asked me if I had thought at all about what I might go into in case I should sell. I told her vaguely that I hadn't got that far yet, other than an occasional thought of getting into business in a larger town somewhere.

Very little more was said on the subject and directly we went down town for the Fourth of July celebration. There was a parade of patriotic societies with martial music by a couple of brass bands, followed by an address in the park by our member of the state legislature. Toward evening we went home, considerably stirred up by the events of the afternoon, and were sitting on the porch together when Margaret said unexpectedly,

"I know what you're thinking of, Jim. You'd like to sell the business and get into the army!"

I asked her evasively how she came to have such an idea.

"Don't you realize," she answered, "that every woman knows what her husband is thinking about whether he says anything or not? You've had this thing on your mind ever since war was declared!"

There was no use of further evasion, and I told her that her intuition was correct. Her next remark I shall always remember.

"If you're holding back on my account, Jim," she said gravely, "I want to tell you that I believe I understand how a man feels at a time like this, and I give my free consent to your going. I should feel guilty if I did one thing to hold you back!"

The next day I sent word to Mr. Olmstead that I would like to talk with him, and within a week he bought me out, paying me invoice price for the merchandise on hand and taking the real estate off my hands at a thousand dollars more than I paid, beside assuming the merchandise indebtedness.

The outstanding accounts I turned over to Scott Lamberton, my lawyer friend, who agreed to collect for a five percent commission. In cash, notes and book accounts I went out of business with about $18,000.

For the next sixteen months I wore Uncle Sam's uniform. I joined up in Cleveland, was assigned to the Quartermaster's Department and sent first to Louisville, where I was made sergeant. After that I was at Fort Sam Houston in Texas three or four months and finally went overseas to the big American camp near Salisbury, England. That was the nearest I ever got to the Western Front.

I was at the Salisbury camp nearly sixty days after the armistice, and as regulations were considerably relaxed, I had a chance to see a little of English business life, which interested me greatly. Salisbury is a town of about 22,000 people, quite a farming center as well as a cattle and sheep market. Practically all the stores and offices closed

for an hour and a half at noon every day, and the live wires of the town gathered at an old-fashioned tavern called the Haunch of Venison for a glass of English ale and a bite to eat. I had heard a lot about the class system in England; at the Haunch of Venison it was possible to pick out the different classes by the way the men of different lines separated into groups. Lawyers and other professional men would sit around one table, employees of banks at another table, and so on. As farming and livestock raising was the leading industry of the section, the business men who dealt with farmers and stock raisers felt a little above other merchants. For example, the dealers in brick and cement, the feed merchants, the hardware dealers (these last are called "ironmongers" in England), had very little to do with the storekeepers who sold dry goods, ladies' ready to wear or jewelry. I became quite well acquainted with a building supply man named Lewis, and from his conversa-

"I never heard of anything like that around here," Lewis answered, surprised. "Why should anyone be fool enough to sell goods below cost?"

tion I learned that the average Englishman will not take business unless there is a profit in it. He doesn't care a farthing about mere volume. One day I asked Lewis if he was much bothered by wild cat competition. He asked me what I meant by that, and I explained how in the United States a man will start handling some line and cut prices below a living profit in order to steal business from his competitors.

"I never heard of anything like that around here," Lewis answered, surprised. "Why should anyone be fool enough to sell goods below cost?"

I told him I couldn't answer that question, but it was done.

"But don't American dealers sign any agreement as to prices that are to be charged?" he asked.

I said in the United States they put people in jail for price fixing, which information seemed to surprise him still more, for he leaned back in his chair and kept repeat-

ing, "Extraordinary! Very extraordinary!"

I learned afterward that price agreements are openly made in most English trades, and sanctioned by the Government. But I will say for the British that prices thus fixed are seldom exorbitant, and the margin of profit so small that a man must run his business very carefully in order to come out on the right side of the ledger.

I do not pretend to enough scholarship to give an opinion on the comparative merits of the English and the American systems; but law or no law I will say that the question propounded by my friend Lewis in the tap room of the Haunch of Venison public house remains one of the unanswerable mysteries: "Why should anyone be fool enough to sell goods below cost?"

I came back to America in January, 1919, and on the ship made the acquaintance of a man named Lee Mason, also a sergeant in the Quartermaster corps, whose people were in the jobbing business in New York.

Mason was two or three years younger than I, but we became very good friends, and after learning of my past experience in business he told me if I was looking for a job that I could probably get one in his family's organization. I wasn't ready to tie myself up to anything, but told him where I expected to stop in New York and asked him to call on me there. Margaret came to meet me in the Metropolis for a two weeks' celebration. We put up at the Old Broadway Central Hotel, just below Wanamaker's department store. One morning, as we were going out on a sightseeing excursion, we met Mason in the lobby. He said he had been speaking of me to his father, the president of the jobbing business, and had come to ask me to call at the concern's headquarters, which were then in the wholesale district near Canal Street. A few days later I went there, the visit resulting in my taking a job that I held for the following two years.

CHAPTER VIII

AT THIS point in my story I shall have to resort to the expedient of giving fictitious names to some of the people I mention. Most of them are still in business, and there might be objections to their being tagged too precisely. The concern owned by the Mason family I will designate as "The Eastern Mercantile Company," though that is not exactly its name. Carter Mason, the founder of the business, was originally from Indiana, where as a very young man he was in the retail hardware business. He went bankrupt during the panic of 1873 and drifted to New York City, where he took a job as salesman for the old Claflin wholesale house. A few years later he got into business for himself, picking up odd lots of merchandise that he sold to dealers in New York and vicinity. This enterprise grew rapidly and in time he had

customers from Maine to Florida and from Kansas City and Omaha to the Atlantic Coast. The Eastern Mercantile Company handled everything sold in a general store, though it was strongest in shelf hardware and kindred lines.

Mr. Mason was a man nearing seventy when I first met him, many times a millionaire. He spent the greater part of his time at his country house in Westchester County. The moving spirit of the Eastern Mercantile Company was Hugh Kirkland, a Canadian by birth, who had been with the house from the time he was a boy in his teens. Mr. Kirkland was about forty-five years of age at the time, a tall, handsome man, a bit cold in manner toward strangers, but one of the keenest business executives I have ever known. I understood he was drawing a salary of around $50,000 a year, beside owning a considerable block of stock in the concern.

It was a project of Hugh Kirkland's that

led to my connection with the Eastern Mercantile Company. Even before the outbreak of the European War the jobbing business was being hard hit on account of the policy of many manufacturers who quit selling through wholesalers and began going direct to the retail trade. Except during the two or three years at the peak of the War the Eastern Mercantile Company had lost volume by reason of this manufacturer competition, and Mr. Kirkland conceived the idea of going into the chain store business as an outlet for merchandise.

I shall never forget my first interview with him. I went from the Broadway Central Hotel down to the concern's building, where I met my friend Lee Mason, who introduced me to his father. I talked with the old gentleman a while, after which he said he would like me to make the acquaintance of Mr. Kirkland. An office boy escorted me up a stairway to the second floor and knocked at the door of a private office. A

voice inside said to come in. The boy left me and I went inside. Hugh Kirkland was sitting at a big flat-topped desk going through a sheaf of papers, and for a space of five minutes he continued this work, paying no attention to me. Finally he looked up and asked abruptly what it was I wanted.

"I don't want anything," I answered, a little nettled. "My name is Read. Mr. Mason, downstairs, asked me to meet you. I supposed you wanted to see me."

"I suppose you're the man Lee spoke to me about," he said shortly. "What makes you think you're entitled to a job with the Eastern Mercantile Company?"

Naturally I was not pleased with the kind of reception I was getting, and I answered in the same aggressive tone he employed.

"I take it you are Mr. Kirkland," I said, "though you haven't told me so. Now suppose we get this thing right. I understood you wanted to see me. I haven't asked for a

job and don't particularly need one. What is more, I don't believe I want any job you could offer me!"

Having delivered this speech I started out and had got as far as the door when Mr. Kirkland called me back. He stood up and extended his hand in a most friendly manner.

"Now we've got that off our minds," he said, smiling, "suppose we have a little talk. Pardon me if I was a bit abrupt."

He had tremendous charm when he chose to exert it, and for the next half hour he asked me all sorts of questions as to my commercial experience, showing especial interest in what I told him about developing my building supply business in Union. Then he outlined what he had in mind. In furtherance of his plan for starting a chain of stores that would give an outlet for merchandise handled by the Eastern Mercantile Company he wanted a man of experience and judgment to visit towns where the Company contemplated locating such stores

and to report on general conditions, what competition there was, whether the trade came principally from country or town people, and so forth. I think what impressed him most with me was the fact that I had run my own business; I have an idea also that he liked my telling him that I didn't need a job. Nothing was settled at this time, but after two or three more interviews Mr. Kirkland made me a formal offer to go with the Eastern Mercantile Company at a salary of $8,000 a year and expenses. After talking it over with my wife I accepted.

So I became a chain store scout. The Company had already started half a dozen experimental stores in the East, but was desirous of making its principal stand in the middle west and in the far south; and during my two years' connection with the house I worked mainly in those sections. I was practically a free agent, making my reports to Mr. Kirkland personally. There was no

time limit on my work in any town where he sent me. In some cases I would make up my mind in the first week that a place was undesirable from our standpoint, and in other cases, where conditions seemed more favorable, I might stay a month or more. This made it possible for Margaret to be with me most of the time, a circumstance I had considered when accepting the job.

If I were to name the period of my life that has been most valuable from an educational standpoint I would unhesitatingly say it was the two years with the Eastern Mercantile Company. I got a new slant on business. I found that the big corporation invariably studies the possibilities of its market with tremendous thoroughness. It will go to any trouble and expense to find out *beforehand* what it may expect. In comparison, the average small business man is often unbelievably careless. In every community that I investigated I based my report mainly on information gained by con-

versation with the merchants in different lines; all told I must have interviewed a couple of thousand men. These interviews were very important. The fact that I had been in business for myself was a big help. I know I never could have got people to talk so freely with me if I had never done anything but work for some corporation. When I told a man I had struggled with a business of my own—had borrowed money from the bank, worried over the Saturday payroll, kept my own books, jumped on a truck occasionally to deliver a bill of goods—in fact, when I talked to a man as one merchant to another, there was never any trouble in winning his confidence. I made no bones of telling them that I was looking for desirable locations for chain stores. Naturally I was most at home with the men who were in the building supply business, and some of their stories are well worth repeating here.

I want to say in this connection that it

was not usually the man who appeared the most brilliant on the surface who made the greatest success. The building supply business is not one where success is gained by some wonderful short cut. Practically without exception the most prosperous men I met were those who merchandised conservatively, were willing to lose a sale occasionally rather than to quote a ruinous price, and never forgot that they were in business to earn a reasonable profit.

At one time I made my headquarters for several weeks in Little Falls, a southwestern town of around twenty thousand population, and while there became very friendly with a man whom I will call Mr. Drake, who had the leading lumber and building supply business. This Mr. Drake was not a man whom one would ever pick for a business leader. He was about fifty years old, mild mannered, never appearing to be in a hurry. He had been a bookkeeper in a railroad office until he was thirty-five years

old, and went into business for himself on savings that amounted to less than $1,500. In fifteen years he had built up an enterprise worth $75,000 above all liabilities.

I would say Mr. Drake's success was owing largely to three qualities: People liked him because he was friendly with everyone. He knew what it cost him to do business, and he never cut a price below the point where the figure did not cover his overhead and leave a living profit beside. He always kept on friendly terms with his competitors. But this friendliness never kept him from going after business energetically. He was always looking for opportunities to land new customers or to sell new materials that would fit his market.

His plant was alongside the Southwestern railway tracks. A driveway from the street opened into his lumber yard and the office building facing on the street had two rooms—a large one at the front, where he carried his stock of paints and builders'

hardware, and a smaller one back of that where he had his private office. One afternoon I had finished my work for the day and went down to have a chat with Mr. Drake. We were sitting in his private office when his chief helper, a young man called Fred, came in from a trip uptown, all out of breath.

"I've got a fine piece of news," he said sarcastically. "Mert Tucker is out for that municipal job at any cost. I've just got a straight tip that he's going to underbid us ten percent!"

I knew what job it was that Fred alluded to, for the daily paper had been carrying news items about a concrete garage the city was about to build for its garbage trucks and other vehicles. Mr. Drake questioned his assistant as to the source of his information and then, picking up the telephone receiver, called Tucker's number.

"Is this you, Mert?" he said when he got his connection. "This is John Drake. I

wonder if you can't slip over here a few minutes. Yes, I know you're busy, but this is important. I'm going to tell you how you can make some money!"

He hung up the receiver with the remark that Mr. Tucker was coming at once. I started to leave, but he asked me to stay, saying the interview would take only a few minutes. Directly Mr. Tucker arrived, a stout, impatient appearing young man who had got into the building supply business a year or two before on money left his wife.

"Hello, Mert," was Mr. Drake's greeting. "I want to talk with you about that municipal job. I guess you're going to get it, all right."

Mr. Tucker, a little embarrassed, said he hoped so.

"Of course you'll get it," Mr. Drake went on. "You know about what my bid is going to be, because it's an open secret that I always figure on a profit. I understand you're cutting the price ten percent."

Mr. Tucker replied aggressively that whatever he bid was no one's business but his own. Mr. Drake opened a drawer of his desk and pulled out some papers.

"Of course you can put in any bid you've a mind to, Mert," he said easily. "But I told you over the phone that I was going to tell you how to make some money, and here's the way you can do it." He handed the papers over to his visitor and spoke slowly, impressively:

"There are my figures in black and white. You know that I never juggle a bid once I've made it. Now what I want to say, Mert, is this: What's the use of your cutting the price a full ten percent under mine? You know you're going to lose money at that. If I were you, I'd cut the price two percent, or at most three percent. You'll get the business just the same, and you'll probably make a small profit!"

Mr. Tucker looked as though he did not believe his ears.

"You mean to say," he finally ejaculated, "that you *want* me to get the business?"

"Why certainly, Mert," Mr. Drake responded. "I don't want it unless I get my price, and that being the case, it's better for both of us that you don't demoralize the market by a bid that's below cost."

The upshot of the matter was that Mert Tucker did as he was advised and got the job. I happened to be in Little Falls a few months later and meeting Mr. Drake again I asked him how business was.

"Oh, it's a lot better," he grinned. "We've pretty near eliminated price cutting around here. Mert Tucker is very young, you see, and I was afraid he was going to develop into a confirmed wild catter. But he's all right now. I've helped him to put in a bookkeeping system, so he knows what his costs are!"

Perhaps in enumerating the reasons for the success of Mr. Drake I should have mentioned his training as a bookkeeper in

the railroad office. When he got into business for himself he knew the meaning and value of figures. I don't want to be misunderstood in this. Bookkeeping alone never made a success of any business. I have known men who were so absorbed in bookkeeping they forgot that the main object of business is to sell merchandise!

But on the other hand I have known men who were so absorbed in selling merchandise that they forgot to keep books, and that is just as bad. Sometimes it is worse. I will divulge one of the secrets of Big Business that I learned during my work as a scout for the Eastern Mercantile Company. When I started out on my first trip into the middle west Hugh Kirkland said this to me: "When you go to a town it is very important that you learn if the merchants in our line of business keep adequate books of account and record. If this happens to be the case, it is a poor town for us to start a chain store. A local merchant has a big advantage any-

how. People would rather trade with him than with a salaried manager. If the local man is a live merchandiser, and if he also knows what it costs him to do business, he can beat us!"

I want to say something here that is a little ticklish because it may seem to reflect on the policies of some manufacturers. I noticed on my travels that a great many salesmen were on the road who were poorly informed as to the merchandise they sold, and who offered nothing constructive to the dealers who bought from them. I noticed also that some manufacturers did not play fair with their dealers.

On one occasion I had quite an argument over this last subject. There was in a certain Western State a building supply dealer whom I will call Abner Harden. He was quite a prominent man in his community, active in the Chamber of Commerce and other organizations. He was, beside, first vice-president of the State Association of

Building Supply Dealers. In talking to him one day he happened to mention that he handled a certain brand of material. I knew from talks with other dealers that this manufacturer had no policy of dealer protection. If the concern had a dealer in a town who was a specially good customer it usually looked out for him; but on the other hand the concern would not hesitate to go into other communities and sell direct to contractors or anyone else who was willing to buy. Sometimes in a pinch the concern would quote lower prices to such people than to established dealers.

I mentioned this to Mr. Harden and he replied indifferently that the concern had always treated him fairly enough, and he couldn't help what it might do in other places. This attitude struck me as a bit cynical, and I guess I spoke my mind rather forcibly.

"So you think the company is all right, Mr. Harden," I said, "because it plays fair

in your particular community. But what about you, as an officer of the State Building Supply Dealers' organization? Don't you feel any responsibility toward the dealers in other communities?"

I guess he thought I was pretty forward, speaking so bluntly, and he replied with some heat that it was no one's business but his own who he dealt with. He added that the concern's sales manager was a particular friend of his, a fine fellow, who would never go back on him. I couldn't help giving him a dig on this last statement.

"Then I understand, Mr. Harden," I said, "that you believe this concern plays fair with you because its sales manager loves you. Maybe that's so. But I have observed that people usually run true to form; and if a concern cuts under the dealers in one section it will cut under the dealers in other sections when the occasion arises. You're a pretty important dealer now, and I suppose your orders are a sizable item. But let me

ask you one question: If something should happen that made you a less desirable customer, do you think the concern would go out of its way to protect you then?"

I regret to say that Mr. Harden and I parted on rather bad terms. But I have never been sorry for what I said to him.

It is curious how certain traits of character crop out in all lines of endeavor, and the building supply business is no exception. I have noticed that a frequent cause of failure is, to put it plainly, self-conceit. A man wants to be known as smarter than his fellows and spends too much of his time trying to prove it. I recall such a case in a town in southern Indiana; I will give the man the name of Charlie Akers, which is far enough from the real name so he can't have any hard feelings in the event of his reading these lines.

Charlie's conceit took the form of believing himself to be just about the slickest buyer of merchandise in the country. He

was about thirty-five years of age and had inherited his building supply business from his father a few years before. He was short and fat, with a round, chubby face; in conversation he had a habit of making some remark and then cocking his head to one side while he looked at his hearer to see if the remark was appreciated at its full value. The first time I met him was in his office down by the C. I. & L. tracks. He appeared much interested when I told him I had formerly been in the building supply business, and at once asked me how I bought my merchandise—whether I bought from the same concerns year after year, or shopped around for prices. I answered that I found it advisable to tie up with a few good houses and trust them to give me the right prices.

"No wonder you got out of business," he commented sarcastically. "You can't make any money that way!" He cocked his head on one side and looked sharply at me

to make sure I was being impressed and then went on: "You bet your sweet life I don't pay the long prices these manufacturers and jobbers try to get. No, sir. I get the inside figures every time. The drummers know they have to make some concessions when they come in here!"

To show what a shrewd buyer he was he got out his books and pointed out the prices he was paying for different items. I couldn't see where his savings amounted to a great deal, but as he seemed so sure of himself I made no comment. The town was quite a railroad center and visited often by salesmen from St. Louis and Cincinnati houses, so Charlie had plenty of opportunity to practise his scientific buying. One day, shortly after this first visit, I dropped in on him again. He was in conference with a man named George Saunders, whom I happened to know as representative of one of the big hardware jobbers in St. Louis. Saunders was turning over the leaves of his

catalog and every once in a while Charlie would point to some item and demand the price. This never suited him. Always he said, "That's too high. I can buy it for less!" When this occurred, Saunders would take out a pencil and do some figuring on the back of an old envelope.

"All right, Charlie," he would say solemnly, "I'll put it down at ten percent below the price I quoted. Maybe the house will ship it at that figure. If not, they'll write you."

It took more than an hour for Charlie to buy a bill amounting to sixty dollars. At the end of the interview I walked back to the hotel with Saunders, and on the way I asked him if he always gave Charlie Akers a ten percent cut on his purchases.

"Of course I do," he chortled. "Why not? He wants it that way. I put on ten percent and then take off ten percent!"

Probably Saunders realized this was a cynical viewpoint for the representative of a

reputable jobbing house, because a little later he explained the situation as follows:

"Maybe it seems a bit fakey on my part. I wouldn't call on Charlie Akers at all only this town is a junction point and I have a few hours here once a month anyhow. Charlie brings it on himself. He never buys but a few dollars' worth at a time, for fear that the next man who comes along will make a better price. He doesn't know much about merchandise and he'll never learn, because he spends about three-fourths of his time dickering with traveling men. What he wants is a discount and most of the traveling men give it to him just as I did!"

He paused and then went on more seriously:

"I wouldn't want to sell Charlie very much anyhow, because one of these days he's going to find himself in trouble. He's not only wasting time that he ought to be using to push his business, but he's also trading with a lot of unethical manu-

facturers and jobbers that he ought not to be considering at all. I'll bet right now he is owing money in little driblets to a hundred or more different firms. He's paying his bills all right now; but if a slump ever comes along, these firms are going to want their money and then he'll be in a bad fix. It won't be like owing a few good strong firms that would be willing to carry him along because his business is worth something to them. The first thing he knows some little snide concern that he owes about forty dollars to will make a draft on him and he won't be able to pay the draft. Then the draft will go back and the concern will give the account to a lawyer. When that news spreads around all the others will do likewise and Charlie Akers will go up in smoke!"

Saunders' prophecy came true even sooner than expected. Charlie Akers got into trouble during the slump of August, 1920, and was sold out for the benefit of his creditors. It was said he owed money in 120

different places, some of the accounts being for as little as ten dollars.

On another occasion I ran across a case where a man also had wrecked his chances of success through self-conceit. This was in a Missouri town of about three thousand people, the center of a good farming country. I will call the dealer Mr. Dickinson. His conceit took the form of wanting to do all the business of the community. I chanced to be in the town about the time he got into trouble. The administrator was offering the business for sale and I went to have a look at it. Never in my life have I seen such a conglomeration of merchandise gathered together under the name of "building supplies." There was, of course, lumber, cement, brick, roofing, etc., legitimate builders' merchandise. But in addition there were stocks of household furniture, farming implements, automobile tires, and other miscellaneous goods. The oddest exhibit was an assortment of dinner bells

that in former years used to be hung in the cupolas of farm houses for the purpose of calling the farm hands to their meals. The administrator told me that to the best of his knowledge not a single dinner bell had been sold in the community for ten years.

It was easy to trace the reasons for the Dickinson failure. In all his advertising he alluded to himself as the "Merchandise King"; and to make good on this title he took on all these various lines in order to keep them out of the hands of other merchants. The consequence was that he was unpopular among the local business men, and these always tried to influence their friends and customers to trade with the other two building supply dealers in town who stuck to legitimate lines. Beside, he had so many irons in the fire that he never could give proper attention to any one thing; in consequence he had a slow turnover, his merchandise was out of date and a good part of it unsalable.

The administrator finally sold the business to a lumber concern from Kansas City that was establishing branches throughout that part of the country. This concern paid $5,000 for the real estate and improvements, and a fair price for the legitimate building supply merchandise. But it would not take the furniture, the automobile supplies, the dinner bells and other miscellaneous goods at any price. The administrator peddled these out to other merchants at any figure he could get, some of the stuff going at ten cents on the dollar. When all was finished, the business brought a net price of less than 40% of its invoice value. This was considerably less than the existing liabilities. Mr. Dickinson went out without a dollar, a rather heavy price to pay for his coveted title of "Merchandise King."

I feel this part of my story would not be complete without setting down some of the conclusions that I arrived at while doing my chain store scouting. I do not believe the

chain store organizations will ever drive out the individual merchant. There are certain economies of buying where the big organization has the advantage. But outside of that the individual merchant has all the best of it. No matter how hard the big organization tries to humanize its operations, it is, in the last analysis, a machine; it is run on certain policies that are fixed by officials far away from the town where its goods are sold. But the individual merchant belongs to the town. He is a member of the Chamber of Commerce, the Rotary Club, the Retail Merchants' Association. When people trade with him they feel they are dealing with a neighbor, and they like that.

But—and this is a very vital qualification—the individual merchant's advantage is not so great that he can afford to run his show one whit less carefully and efficiently than the chain organization. Yet I have known building supply dealers who were careless to an extent that would not be tol-

erated for a moment in the case of a chain store manager. Can anyone imagine, for example, that a branch manager would be allowed to tie his corporation's capital up in miscellaneous merchandise such as was in the stock of the man Dickinson I have just described? I have known dealers who would buy a bill of merchandise simply because they felt good some morning, or refuse to buy because they happened to have a stomachache.

It would be a good idea if every independent merchant could know how carefully the big corporations consider the smallest details before laying out any portion of their millions. One of the first towns that I visited in my work as scout for the Eastern Mercantile Company was a place that I will call Darlington, in southeast Texas. It had a population of around ten thousand. I spent nearly a month there, talking with the merchants, bankers and other business men, during which time I

found out how many passengers the street-car line carried a day. I hired an automobile and took trips out into the surrounding territory to see what kind of farm buildings people had, and I investigated in a general way the average store rentals on the main business street. While I was doing these things I had a young man whom I picked up as assistant stand on street corners and count the people who passed at certain hours; also he counted the automobiles and teams parked around the courthouse square each morning and evening, with a special report as to their numbers on Saturday.

I made my report in April, and in my letter to headquarters stated I believed the town was favorable for the location of a store. The matter was allowed to rest over until July, which is the dull season in that part of the country, and then the district supervisor came down from St. Louis to see how things compared with my April report. His opinion was also favorable, and a month

later the concern's real estate man was sent on to see what arrangements could be made for suitable quarters.

Here occurred a little hitch. There was a well-located storeroom available, near the principal four corners; but the owner, a German named Sauerwein, evidently was excited over the prospect of a million dollar corporation wanting to rent his property and proceeded to raise the rental price. He had been getting $100 a month from a druggist who went bankrupt on his hands; but when our lease man talked with him he stood out for $125. The lease man took a thirty-day option at that price, at the same time wiring Hugh Kirkland, general manager of the Eastern Mercantile Company, what he had done.

Mr. Kirkland always looked over any town before definitely deciding to locate a store. I was in Beaumont at the time and he telegraphed me to meet him in Darlington at a certain date. We put up at the

Mansion House and the morning after our arrival went to see Mr. Sauerwein. He was a big, bullet-headed fellow who had come to Darlington thirty years before to work as porter in a grocery store and by shrewd speculations, coupled with a habit of never spending any money, had amassed a couple of hundred thousand dollars. He had a little office over a cigar store on a side street, and there Mr. Kirkland and I found him, tilted back in a kitchen chair with his feet on a pine table that he used for a desk. I was interested in the contest I knew was about to take place between this uncouth backwoods financier and the ultra-polished, sophisticated New Yorker. Mr. Kirkland told him who we were. Mr. Sauerwein took his feet down from the table.

"I guess you come to sign dot lease," he said cordially. "I make it ready right off."

"Perhaps we'll sign the lease," Mr. Kirkland remarked, "but I think we'll have to talk a little about price first."

"The price it is already made," Mr. Sauerwein said firmly. "One hundred and twenty-five dollars a month."

"But there isn't another store in town of that size bringing more than a hundred dollars," Mr. Kirkland suggested.

Mr. Sauerwein retorted hotly that his store was worth even more than he asked because the city was sure to double its population in a few years. To prove this he pulled a chamber of commerce booklet out of his table drawer and started excitedly to read the data it contained. Mr. Kirkland waved it aside.

"The United States census," he remarked pleasantly, "shows Darlington to have grown less than five percent in ten years."

Mr. Sauerwein snorted at this and puffed out his cheeks until it seemed they would burst. When he finally managed to speak he repeated his assertion that his price was one hundred and twenty-five dollars. Mr. Kirkland bowed politely.

"I take it you're a man of your word, Mr. Sauerwein," he said, "and so I guess my firm isn't going to have the pleasure of opening up in your city. We're not paying more than market rates on our rentals. Good-day."

When we got back to the Mansion House I was amazed to see Mr. Kirkland actually prepare to leave town. I asked him if he didn't intend to see Sauerwein again.

"Why no," he answered. "That old square head is stubborn as a mule. He won't change his price."

"Then you weren't bluffing," I questioned, "you're really going to pass up the town because of a twenty-five-dollar-a-month difference in rent?"

Hugh Kirkland was one of the keenest executives I have ever known; and in his reply there was embodied a truth that might well be taken to heart by men everywhere who are in the business of buying and selling merchandise.

"You may bet your last dollar," he said grimly, "that I am not bluffing. I don't open a store in any town where it has to operate under a twenty-five-dollar-a-month handicap. The Eastern Mercantile Company didn't get where it is by doing business that way!"

CHAPTER IX

MY career as a chain store scout came to an end in 1921, when, on account of the disastrous slump in business throughout the country, the Eastern Mercantile Company abandoned for the time being its campaign to open additional stores. Mr. Kirkland offered me a job at the New York headquarters, but I declined. It was not my plan to remain a corporation employee all my life. Some men, I realize, are happier in salaried positions than if in business for themselves; they escape a good many of the worries that beset the man who hangs out his shingle and goes it alone. But personally I liked the independence of my own business, even though I didn't make so much money. Beside, my fifteen years in the building supply business had made me feel that was my real trade and I had an itch to get back into it.

The question was, Where should I locate? Another no less important question was, Shall I start an entirely new business, or shall I buy out an established concern?

During my travels for the Eastern Mercantile Company I had grown out of the idea that one section of the country offers better business opportunities than some other section. I had learned by personal observation that there are opportunities everywhere, and that success or failure is pretty well up to the man himself. At the same time I wanted to locate in a good-sized city rather than in a small town like Union; and my final decision was in favor of the city of Emporium, only a little more than fifty miles from where my wife and I were born. It was a wealthy city and there did not seem to be too many building supply dealers. We knew a few people in Emporium and Margaret had two families of relatives living there, so it was not like going to an altogether strange community.

The second question—whether to start new or to buy an established business—was harder to decide. At first I was inclined to take the latter course, because I knew the long hard road a new man has to travel before he can really establish himself. A man named Clarence Dowling, who had been in business in Emporium about fifteen years, offered to sell out to me and I would probably have taken him up except for the fact that he had an investment of about $35,000 and my available resources were not up to that figure. He offered me time on part of the amount, but I didn't want to tie myself up with debt and so the deal fell through. I have always been glad I made this decision.

Dowling wanted one hundred cents on the dollar for his enterprise. But a business is never worth as much to a new man as to the man who has built it up. Customers can't be delivered along with merchandise; there are always some who will

drop off when a change in ownership occurs. Beside—and this is something for every business man to remember—every concern makes some enemies, no matter how hard it tries to please; and the man who buys an established concern invariably buys some enemies along with the merchandise and equipment.

I started in Emporium in March, 1921, on premises that I leased from the Central Railroad for a period of ten years with privilege of renewal. I had at the time just a little under $20,000 cash capital, of which I put about $3,500 into buildings. My next move, I shall have to confess, was a very foolish one and bears out what I said a little while back as to the lack of foresight that a small business man often exhibits. My intention was to handle coal along with my building supply business, and without thoroughly investigating the local situation I invested $7,000 more of my cash in a coal trestle. No millionaire corporation would

have been so careless of its money as I, who had but a small capital.

But by the time my trestle was finished I had decided not to go into the coal business. There were a dozen or more retail coal dealers in the city, and I learned one man in particular was doing such an extraordinarily good job that I knew I would have a hard time to make any headway in the line. He was named Walter Jones, operating under the name of the Jones Coal Company. He was a good advertiser; on the front of each of his delivery trucks was a slogan printed in big letters: "HERE COMES JONES!"

But it was not alone his lively slogan that made me hesitate to compete with Jones. People began to tell me what a good business man he was and I became a little worried. His office was only a little distance from my new plant and one day I went to see him. He was a fellow about my own age, a bit countrified in appearance and not

at all the sort of person I thought he would be. When I told him I expected to be a competitor of his in the coal line, he laughed in a friendly way, saying he had no secrets and would be glad to show me how he got and held business.

Some of the things he showed me are well worth setting down for the benefit of other men, not only in the coal business but other lines as well. For example, Jones had bought a large vacuum cleaner that took the soot and ashes out of flues and pipes, and early every fall he extended this service to customers prior to the delivery of their coal. This helped the customer to get more heat and to effect a saving on his coal consumption.

Jones told me that his drivers carried tarpaulins to protect the yards of his customers when making a delivery, and brooms to sweep up after a job was done. Beside this, at the completion of a job the driver always went to the back door to ask the

housewife to inspect her yard and see if everything was satisfactory. But this wasn't all Jones did to make sure his customers were satisfied. While I was sitting in his office I noticed a young man speaking to one of the girl office assistants. She handed him a lot of yellow delivery slips; he copied the names and addresses from these and directly went away in a little car. Jones told me this was his service man who called at every house the day following a delivery of coal to inquire if any windows or shrubbery had been broken, or other damage had been done. If there was any such damage it was immediately repaired.

I have always suspected that Jones had more in view than mere friendliness toward a fellow business man when he explained all these things to me; that he wanted to show me the kind of competition I would be up against if I went into the coal business. If such was the case he won; for I never became a competitor of his. I have since

managed to make some use of my seven thousand dollar trestle for other things, but never for coal.

I might add, for the benefit of those merchants who think they must cut prices below a living margin in order to get business, that the Jones Coal Company has always publicly advertised that its price is twenty-five cents a ton more than charged by other firms, but that its superior service makes it worth the difference. During the seven years I have known him Jones has averaged to sell one-third of all the coal in Emporium, a city of more than two hundred thousand people.

In this connection I can't resist one more remark. Far be it from me to preach; but for the benefit of those merchants who seem to think all their troubles come from too much competition, I want to say that the best way to keep out competition is to do such a good job yourself that no one will want to compete with you.

So I decided to stick to the building supply business exclusively and let other people have the side lines. I have never gone into lumber. When I finally got my business going in Emporium I was impressed with the fact that I had an entirely different problem from that which I faced when running my business in Union. In the small town nine-tenths of the business was with the general public, farmers and local property owners. In the big city the proportion was reversed: fully nine-tenths of the business was done with contractors. I wonder if many building supply dealers realize exactly what this means? It is this: The small town dealer is a *retailer*, because he sells to the consumer. But the city dealer is a *wholesaler:* he sells to the contractors, and the contractors are the ones who deal directly with the consumer.

I had been in business some months before the full significance of this fact dawned on me. Naturally I wasn't any too busy

at first, and had plenty of time to think it over. From my experience with the Eastern Mercantile Company I knew how resentful most retail merchants are toward jobbing houses that pretend to sell dealers exclusively, but are not above picking up a few extra dollars by selling the general public. It came to me that this was precisely what every building supply concern in Emporium was doing. We made our living out of the contractors; but if a private individual came along we sold him what he wanted at the same price we charged the contractors.

One day a general contractor named Len Cole came into my yard to get prices on material he wanted for some single garages he was figuring on for an apartment house owner, and I asked him how it would strike him if I should start the policy of refusing to quote net prices to anyone who was not in the contracting business. Cole was a big, burly fellow whose language was sometimes a bit stronger than that of polite society.

"I'm not trying to put anything over on you, Mr. Cole, I'm just looking out for my own pocketbook, and I think I can do that best by working with the contractors, not against them"

"It would strike me pretty damn good," he answered cynically, "but I don't believe you'd do it. I've heard that kind of talk before."

"I'm not trying to put anything over on you, Mr. Cole," I answered, laughing. "I'm just looking out for my own pocketbook, and I think I can do that best by working with the contractors, not against them. I know you want to supply the material for the jobs that you get, instead of merely doing the work with the material that the owner has bought. Now the question is this: If I protect you, will you do something for me in return?"

"Here comes the nigger in the woodpile," Cole answered sarcastically. "Tell me what the catch is. Maybe I'll bite."

"I may as well tell you frankly," I went on, "that I haven't got any too much capital to finance this show of mine. As you know, my principal competitors here in Emporium are rich men and able to carry a

lot of money on their books. For that reason collections are slow. No one seems to have any definite date for paying bills. In order to speed up my collections I'm going to make you, and other contractors, a clear-cut proposition: I will promise not to solicit the trade of any owner or other private citizen. If such a man comes in here I'll have to quote him prices, of course, but subject to a two percent cash discount only. When you or any other contractor comes in I will quote prices subject to ten percent discount. The only proviso will be that you pay me on or before the tenth of the following month."

Cole scratched his head and let fly a stream of tobacco juice. "If you'll stick to that policy," he said finally, "I'll pay on the tenth of the month all right. But I don't believe it will work unless you can get all the other dealers in the city to do the same thing."

I knew there was something in what Cole

said, and after he had gone I put on my hat and went to see what my competitors were willing to do. There were three concerns that pretty well controlled the building supply business of the city: Clarence Dowling, whom I have already mentioned; Hopkins and Son; and Irving J. Balch. The two last named particularly were both long established and very well fixed. The Hopkins family owned property all over the city and Mr. Hopkins senior paid little attention to the building supply business, leaving that in charge of his son Roy, who was a bit of a publicity seeker and liked to get his name in the papers through his membership in the Kiwanis Club, the Chamber of Commerce, and so forth. Irving J. Balch was also rich enough to take things easy. He had a very good manager, Horace Dean, but the latter was a little afraid of the old gentleman and seldom would do anything on his own judgment.

It was because these firms were so com-

fortably fixed that I chose Emporium as a good place in which to start my enterprise. None of them had to scratch for a living or to worry about their bills, so I knew if I was willing to hustle as hard as I always had to do in Union I would stand a chance to get some business. On this occasion, when I went around to see what they were willing to do in the matter of protecting the contractors, I found little response. Dowling simply was not interested. Roy Hopkins, always cordial enough personally, said he was sorry he hadn't time to talk because he was just starting out with a committee of Kiwanis members to make arrangements for the Club's forthcoming trip to the state conference.

Irving J. Balch was not in when I called at his office, but his manager, Horace Dean, said he thought it might be a good idea and promised to speak about it to Mr. Balch. The latter came in while I was still there. I had never met him before. He was about

sixty, a tall man with a severe expression on his face that always seemed to be a little contemptuous of people who were not so rich as he. When I had explained my plan to him he looked me all over as though he was inspecting a new specimen in a museum and finally asked me how old I was. I told him.

"When you have been in business as long as I have," he said sententiously, "you will know the old ways are always best!"

That was all I could get out of him. Yet in spite of lack of co-operation from my competitors I decided to go ahead with the policy I had outlined to Cole. Leaving aside the fact that I thought I would win good-will among the contractors, it seemed the fair thing to do. I did not believe a property owner who bought a bill from me once in five years was entitled to as low a price as a contractor who bought something from me every week. To make a long story short, I decided to go it alone and sent notices to

contractors that I should bill all purchases subject to a ten percent discount if paid on the due date. I have followed this policy ever since and would not think of abandoning it.

I will admit that at first I had some trouble with contractors who thought they could pay their bills any time and still be entitled to the discount, but after coming down hard on two or three of them the knowledge spread around that my terms meant something and after that I had little difficulty in getting my money on the tenth of the month. At the present time, for example, I am doing close to $500,000 a year and at least 85 percent of this volume of business is being discounted on my ten percent plan.

When I first located in Emporium there was not much trouble from price cutting, except in the case of two or three fellows who had got money enough together to buy a cheap truck apiece and peddled a little

stuff around when they could find a customer. But in 1923 Clarence Dowling sold out to a man named Hampton Brooks, and a regular price-cutting campaign developed.

The strange thing about it was the fact that Brooks was the last man one would expect to start anything of the sort. He came from one of the old aristocratic families of Emporium, both his father and grandfather having served in the state legislature. He was a graduate of an eastern university and for years was sort of a local society star and cotillion leader. He was a bachelor and was generally alluded to as "Handsome" Brooks. He was, I suppose, about forty-five when he went into the building supply business.

I never believed Handsome Brooks intended to work a hardship on the rest of us. Merely, he didn't know much about business or what it cost him to run his show, and being a good-natured sort of a fellow I guess he thought he was only acting politely

when he divided up his profits with his customers. But on account of his family's political and social connections he took a lot of trade away from the other dealers, besides to a certain extent setting the prices at which we had to sell.

We had an informal association of building supply dealers that held its regular meetings the second Monday of each month at the office of one or the other of the various members.

Handsome always came to these meetings, chipper as a daisy and ready to agree to everything that was said. He had one of those faces that stay permanently chubby and bright, like a little boy's, though he was beginning to be bald, and he entered enthusiastically into all the discussions. If we talked about price cutting, he was the principal one to condemn it. We all knew he didn't practise what he preached; but if anyone charged him with some specific act of price cutting he always half denied it

and said even if he had slipped up a little he would be more strictly ethical in the future.

Things had been going on this way for a year or more, when it was announced in the papers that the city was going to let the contract for a small municipal building that would require about five hundred barrels of cement. We talked about this at our June meeting and all the members said they would not bid below a living profit. While of course we didn't enter into any hard and fast compact, we agreed that about $3.25 a barrel was as cheap as any dealer could furnish it and come out with any net gain.

A couple of weeks later the contract was let and Handsome Brooks got the cement order. We all had our suspicions, I guess, but there was the possibility that he might have had the inside track through family influence. Just before our July meeting, however, Roy Hopkins told me that the contractor on the job admitted to him

that it was a cut price. Roy said he was determined to thrash it out at the meeting.

We met that time in Handsome Brooks' office, which was an elaborately fitted up place, with steel engravings on the walls, oriental rugs and a long directors' table. We sat around this table, Roy Hopkins at one end acting as chairman and Handsome at the other end. After the preliminaries were over Roy brought up the cement job.

"Look here, Handsome," he said, "none of us here want to charge you with being unethical, but there are rumors going around that you took that cement order at a cut rate. You know we all figured that $3.25 was about the lowest price at which anyone could come out whole. If the rumor isn't true, we'd like to hear you say so."

Handsome squirmed around in his chair a bit before he answered.

"I don't see how you can say a thing like that, Roy," he said in a hurt voice, "you

know I always am in agreement with the other members of this association."

"Yes, I know," Roy persisted, "but the contractor claims he got a cut price."

"The contractor must be wrong," Handsome answered firmly. "If my bookkeeper was only here I'd have him show you the ledger."

That seemed about as far as the matter would go, for Handsome's bookkeeper was at home and probably in bed. But at one side of the office, just back from where I sat, there was a small safe with the door open and I had noticed a large ledger inside, standing on edge. It was within easy reach, and on the spur of the moment I swung my arm around and pulled out the book. I plumped it down in front of Handsome.

"I guess this is the ledger you want," I said. "Maybe you can find the entry!"

If anyone has ever seen a little boy caught up on some piece of mischief, he will realize how Handsome acted. His face got pink

all over and he helplessly turned over the pages of the book as he mumbled weakly, "I'm not much of a bookkeeper, you know. I'm not sure if I can find the entry."

By that time most of the members had left their seats and stood grouped about him, waiting to see what he would find. At last he came to the correct page, where was plainly registered: "500 bbls. Portland cement @ $3.12."

I thought at first Handsome was going to cry. But finally he pulled himself together and looked up into the faces of his fellow-dealers. "I don't understand it," he said stoutly. "I am sure my bookkeeper is to blame for this. I shall talk to him the first thing in the morning!"

Then, seeing by the faces of the others that this explanation still left them unconvinced, he made as near an admission as was possible under the circumstances.

"If you gentlemen will overlook this," he said earnestly, "I will certainly see

that my bookkeeper does not make such a mistake again!"

Though this was a roundabout sort of a statement I am bound to say he pretty well kept his word as long as he stayed in business. This was not long, for about a year afterward he quit when his family found he was losing money; and political wires were pulled to get him a comfortable job in the state forestry service.

CHAPTER X

ONCE I heard a speaker at a business men's luncheon make an address on the subject of mechanical inventions; among other things he said that a good invention does not necessarily mean a money-making proposition, and in proof of this he mentioned the typewriter industry. Beside the half dozen leading writing machines of today, he stated, there have been at least fifty machines put on the market in the past that were just as well made and had apparently just as good a chance to become popular as the successful ones. The only difference was in the organization behind the machines. Where there was intelligent, energetic salesmanship, the machine found a market. Where this was lacking the machine died a natural death.

The same thing is true of any line of business. Every once in a while you see a fellow

open a store on Main Street right in the shadow of some big established concern, and you wouldn't give ten cents for his chances. But he sticks on and each time you go past you see new stuff in his show windows, and a few more customers inside, and eventually you realize that he has made a go of it in spite of the competition that you thought would surely beat him. If you investigate the reason for his success, the chances are ten to one you will find he succeeded because he was a more energetic salesman than the average.

No one cares to hear a man blow his own horn. I try not to blow mine very hard. But I think I can say without bragging that I have made a success of my business; and this story of my experiences wouldn't be worth much in a practical way unless I explained plainly and without self consciousness some of the ideas that have helped me be successful.

Taking good care of your customers is of

course the basis of success in the building supply line, as it is the basis of success in every other line. It is important to get as many new customers as you can; but it is vastly more important to treat them right after you have got them. The old adage, "A satisfied customer is the best advertisement," still holds good. When you have got a lot of customers tooting your horn for you, you don't have to toot it so much yourself.

I have found the best way to hold the good will of contractors is to show them that I am trying to help them make money. I put them in touch with jobs whenever possible. I make it my business to find out what new materials are being put on the market and pass the information along to my contractor customers. No matter how friendly I may be with some contractor I will not quote him a lower price than I quote to any other contractor. I know I have lost an occasional piece of business by this, but

in the long run it pays to be known as a dealer who never plays favorites. Furthermore, I do not pester customers for business. A little later in this story I am going to take a fling at the way some merchants overwork telephone solicitation. But I don't want to go on record as condemning entirely this kind of salesmanship. I use it myself to a certain extent. For example, every evening, a half hour or so before closing time, I take a list of contractors who are working on certain jobs and get them on the phone, one after the other, to tell them we are getting ready to go home and suggest that if they need anything early in the morning we will load the trucks now and be sure to put it on the job the first thing. I can truthfully say this little extra service is appreciated as much as anything else that I do.

When I first started business in Emporium I realized I had to be a more energetic salesman than my rich, old-established competitors. This was especially so after I made

my blunder of putting a third of my capital into a coal trestle and then abandoned my idea of handling coal. I was cramped for ready money and had to buy my merchandise on the longest terms I could get. During my first year I did not earn a dollar in cash discounts. But in a way these things helped me. I was spurred on all the time by the thought that if I was to make a go of my business I would have to hustle a lot harder on sales to make up for my handicaps.

What is salesmanship anyhow? To my way of thinking there is a great deal more to it than running around and asking people to buy your merchandise. That kind of salesmanship can easily be pushed to the point where you make more enemies than friends. I hope I'm not stepping on anyone's toes when I repeat that I believe promiscuous telephone solicitation is mighty poor salesmanship. A good way to analyze anything is to figure it from your own stand-

point. I assume I am not different from other people; and when, on some busy morning, my phone rings and I answer it, only to be informed that Whosit and Company want me to try a ton of their clinkerless coal, or that Elias Cohen wishes me to know what a fine line of imported overcoats he has, I usually make up my mind to pass up both Mr. Whosit and Mr. Cohen for other dealers who are more considerate of my time.

No one will deny that good will is the basis of permanent business success, and it's a lot easier to gain good will *after* you have made a sale than *before*. Walter Jones, the king pin of the coal business here in Emporium, has the right idea when he has his wagon men sweep up his customers' yards after making a delivery, and when he sends his young man around the next day to inquire if everything is satisfactory. It requires a lot of judgment to know just how much sales pressure you can employ without offending

people. When Handsome Brooks decided to quit the building supply business I knew the other dealers in the city would make tremendous effort to get in with his customers. There were a number of well-to-do contractors who had always favored Brooks on account of his family's political and social influence. Thinking it over, I decided I would keep hands off and let my competitors do the go-getting; and as things turned out it was the best thing I could have done. One day I happened to be in the Second National Bank, where I carried an account, and while there encountered John Wallis, a highly successful building contractor who had been one of Brooks' star customers. Though I had met him in a casual way he had never given me any business, and I was surprised at his greeting on this occasion.

"Hello, Read," he said, grinning, "Haven't you got a bag of candy in your pocket that you want to share with me? Or don't you

want me to go to lunch with you or something?"

I replied I would be glad to buy both the candy and the lunch if it would make him any happier.

"Well, it wouldn't," he remarked more seriously. "I've been pretty well fed up on social attentions for the last couple of weeks. It seems like I can't turn around without some building supply man wanting to do something for me. They call me up at my office and my house. I believe you're the only dealer in the city who hasn't written me a letter full of offers of service. Roy Hopkins thinks he can get me into the Kiwanis Club. Irving J. Balch has sent me a quart of twenty-year-old Scotch, and I guess you know how much I appreciate that!"

This was a sarcastic reference to a fact Mr. Balch ought to have taken into consideration, namely, that John Wallis had been for years a well-known temperance worker.

"I'm sorry I haven't any Old Stock to offer you, Mr. Wallis," I laughed, "and I can't get you into the Kiwanis Club. But if it will interest you I'll say I've got a pretty good stock of building materials down at my place that I'd like to exchange for some of your money!"

He laughed and said he would be in to see me. This was the beginning of a connection that has been profitable to me, and I hope also to Mr. Wallis, for the past three years.

You are always on delicate ground when you start trying to buy business by social attentions or by making gifts. The second Christmas I was in business in Emporium, Hopkins and Son made quite a gesture of sending presents to all the contractors who had done any business with them throughout the year, the value of the presents varying according to the amount of merchandise each contractor had bought. Some of the heavy buyers got hampers containing a

turkey with trimmings, others a turkey without the trimmings, and still others received boxes of cigars, ducks, canned fruit and so on. I understood Roy Hopkins spent over a thousand dollars for the two hundred packages he sent out.

It happened there were two fellows in the plastering game between whom a lot of jealousy existed—Albert Erickson and an Irishman named Billy Igoe—and Roy made the error of sending Erickson one of the big hampers, but let Billy Igoe down with a box of cigars. Billy was in my place a couple of days after Christmas, considerably liquored up and highly indignant over the injustice that Roy had done him.

"The dir-r-ty dog," he remarked, "to sind that crook Erickson a fine turkey and me a measly little box of smokes. So help me, I'll niver darken the door of Hopkins and Son again!"

While I am on the general subject of criticism, I shall have to pay my respects to the

word "Service," that has got to be so tremendously popular during the past few years. Maybe in the beginning "Service" was a good slogan, but it certainly is pretty badly shopworn now; and the building supply dealer who features it puts himself in the same class with every little pants presser, hand laundry man, corner grocer and Greek restaurant keeper—fellows who think they ought to bolster themselves with a slogan and choose the one most in use. Even the banks are beginning to talk about "Service" in their publicity; and almost every advertising man in the country will tell you that as an advertiser the average banker stands at the foot of the class!

Be that as it may, I have noticed that a good many times when a man takes "Service" for his slogan he seems to feel that he has done it all and no further effort is necessary. I happened to be in the office of one of my competitors a year or so ago—I won't say which one it was for fear of hard feel-

ings—but anyhow the firm has the word "Service" on all its delivery trucks, its letter-heads, and on billboards all over the city in letters three feet high. While I was in the office the telephone rang. It didn't seem to be anyone's job in particular to answer phone calls, and after two or three rings one of the bookkeepers finally picked up the receiver. His conversation went something like this: "Yes, this is Erie six-five-one-one," he said grumpily. "Who did you say you are? You say you want a ton of plaster? What kind of plaster do you want? All right. Where is the job located? Yes, I've got the number of the building. What street is that near?"

While this one-sided conversation was going on I got to wondering how I would feel if I was the hardworking contractor at the other end of the wire, and I came to the conclusion that if I were in his place the next time I went by one of the firm's big billboards I should be tempted to heave a

rock at the three-foot letters that spelled "Service!"

The incident gave me an idea that I worked out to good advantage, and that I will pass on for the benefit of any other building supply dealer who cares to use it. I made a list of all the contractors who were in the habit of buying from me, and opposite each man's name was written the job or jobs he happened to be working on. We keep this up to date. When a man takes a new job we enter it at once, and when the job is finished we cross it off.

By this list we keep track of where our customers are working, so there is never any long-winded conversation about where an order is to be sent. The next thing is equally important and based on a very strong trait of human nature, namely, that every man likes to feel he is important enough to be recognized by his voice. I happened to have working for me a young fellow named George Morton, who is pretty quick at such

things, and without much training I got him so he could tell in a flash whose voice it was coming over the phone. I can do that myself pretty well, also. Then I gave orders that no one in the office except George or myself should ever answer a phone call. To show how it works I will quote verbatim the taking of an order that came in less than five minutes ago while I was dictating this story:

The phone rang. George picked up the receiver. "Oh, hello, Mr. Wallis. Ten bags of cement? Yes, sir. For the house on Ohio Avenue, I suppose. That's on the corner of Barclay Street. All right, you'll have it before three o'clock. Thanks. Good-by."

The cement will be at the house on Ohio Avenue before three o'clock if I have to drive the truck myself!

There is one little frill to my scheme that I should explain. None of the men in the office, except George or myself, may answer a phone call. In case George and I are out, or busy, one of the girls always answers.

The reason is this: When a contractor calls up, and is answered by a man, the contractor expects a quick and intelligent reply and is resentful if he doesn't get it. But if a girl answers, the contractor will be more patient and usually will take time to explain his wishes in detail. Perhaps this may seem like making too much of trivialities. But good will is built on little things.

The best way to give "Service" is to give it, rather than to talk about it. In the city of Emporium there are a number of market buildings that are privately owned where stalls are rented to provision dealers of various sorts. A few weeks ago one of the market masters came to my place; he said his old frame building was in such bad shape that it couldn't be painted again and he thought it ought to be given a coat of stucco. I told him this would work all right, but that the wire mesh ought not to be nailed flat to the boards; the mesh should set out about an eighth of an inch from the boards.

This would allow the stucco to be *around* the wire instead of merely *on* the wire.

The market master wrote up specifications in accordance with my instructions and asked local contractors for bids on the job. A contractor named Sam Elder got it, his price being about $1,200. Sam had never been much of a customer of mine, but when I heard he had the job I tried to get hold of him to see if I could sell him the stucco, wire mesh and nails. However, when I finally located him he had already bought his stuff from another dealer and was at the market house ready to begin work. It was about four o'clock in the afternoon. He had brought only one of his men. The others were to get on the job the first thing the next morning.

While I was talking with Sam I saw this man start to nail a strip of mesh on the side of the building and I noticed he was using ordinary wire nails, which, of course, drove the wire flat against the boards. I mentioned

this to Sam. "This isn't the stuff that is specified," I said.

"Why, yes it is," Sam answered. "It's the right kind of wire."

I asked him to show me the specifications and showed him the clause that plainly stated the mesh should stand out from the boards. Sam read it over carefully.

"My gosh," he ejaculated, "I came near making a bust on this! What can I do about it?"

I explained that he needed to get some nails, about an inch and a half in length, that have a little wire spiral wound around them. When the nail is driven through the mesh and into the board the wire spiral holds the mesh about an eighth of an inch out from the surface.

Sam asked me if I could supply him with the nails and I said I could. He remarked that he must have them by half-past seven o'clock the next morning, and I answered that they would be delivered on time.

I took a little chance on this promise because I was out of the particular item, but I thought I could get the nails from some other dealer in the city. However, when I got back to the office and phoned around I found all the others were in the same fix I was. In this predicament I remembered on a recent visit to my old town of Union that Henry Olmstead, the man who succeeded me there, told me he had furnished materials for a job similar to the one being done on the market building. I long-distanced him, and to my relief he answered he had some of the nails in stock and would be glad to let me have them. It was then nearly six o'clock. I jumped into the car and drove the fifty miles to Union to get the merchandise. On the way back I ran into a thunder shower, getting home a little after midnight, but Sam Elder had his nails on time.

Naturally, I didn't make a great deal of money on this particular sale, but I made a friend of Sam Elder.

At the last meeting of the local building supply dealers' association Roy Hopkins made a speech complaining that we had to work harder for our money than business men in other lines. One of his complaints was that we had to go to work too early in the morning, and he offered a resolution that seven o'clock should thereafter be our opening hour. There was quite a bit of discussion, mostly of a favorable nature, and when it looked as though the resolution might be adopted I jumped up.

"Before you vote on that, gentlemen," I said, "I want to serve notice that I shan't agree even if you pass it. I intend to be at my office at six o'clock in the morning just as I have always done. Maybe you'll expel me from the Association, but if so I can't help it!"

Roy glared at me, mad as a hatter. "You must like the early morning hours," he remarked sarcastically.

"I do like the early morning hours," I

answered. "Also I like to be on hand to accommodate any contractors who may be around at that time!"

"You know well enough," Roy growled, "that if you open at six the rest of us have to do it too. You make us all work like hired men so you can pick up a few extra dollars!"

"That's up to you, Roy," I said. "I'm not trying to dictate. I don't believe I like money any better than the next man. But I do like the building supply business. I not only like it, but I'm proud of it! It's a *man's* business, one of the few left. It contributes to the health, happiness and security of life; and if it requires me to get up an hour or so earlier, to work a bit harder than merchants in other lines, that's all right with me!"

Roy's resolution didn't pass. But I'm glad he made it because it gave me a chance to speak my mind.